SUPPLEMENTARY AGENDA

FINAL COUNCIL MEETING

Thursday, 22 October 2026

at

10:00

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6. NEW MATTERS SUBMITTED BY THE ACTING MUNICIPAL MANAGER

6.9

SC09/10/26 REPORT BACK ON NEW CHURCH APPLICATIONS – FOR PORTIONS OF THE REMAINDER OF ERF 214 & 255, KNYSNA

REPORT FROM THE ACTING DIRECTOR: CORPORATE SERVICES

PURPOSE OF THE REPORT

To request the Municipal Council to consider the applications from various Churches in Knysna in terms of the Asset Transfer Regulations, 2008 and the Management of Immovable Property Policy.

BACKGROUND/DETAILS OF APPLICATION

The Property Management Section received applications from Enlightened Christian Gathering Church and Beteli Apostolic Zion Church to purchase a portion of Erven 214 and 255, Knysna (See **Annexure A**).

DISCUSSION

The following Churches submitted their applications:

i. **Enlightened Christian GATHERING Church**
The Church is currently conducting their church service in Chris Hani Community Hall for years now. They applied to purchase a portion of Erf 3627, Knysna in Hornlee but their application was not approved. They were first served with a moratorium letter and when the other churches were approved their application was unfortunately not approved. With the assistance of Ward Cllr they have identified an alternative site which is a portion of Erf 255, Knysna.

ii. **BETELI Apostolic Zion Church**
The Church would like to purchase a portion of Erf 214, Knysna in Xuba Street. They have been struggling to find a place as a result they are currently conducting their church service in one of the church member's property on Erf 100287, Knysna. They have identified this site for years now and have managed to organise trucks to fill-up the area with soil. They would like to purchase about +-500m2 of the property.

RESOLUTION

An item then served to the Municipal Council on the 11th of December 2025, where the below resolution was taken:

"F&G16/11/25 REPORT ON NEW CHURCH APPLICATIONS – FOR PORTIONS OF THE REMAINDER OF ERF 214 & 255, KNYSNA

UNANIMOUSLY RESOLVED

[a] That the report and annexure's regarding the applications from Beteli Apostolic Zion Church for a portion of Erf 214, Knysna and Enlightened Christian Gathering Church for a portion of Erf 255, Knysna be noted;

[b] That in terms of the Knysna Municipality's Management of Immovable Property Policy the portions of erven 214 and 255, Knysna as applied by Beteli Apostolic Zion Church and Enlightened Christian Gathering Church is classified as viable property;

[c] That in terms of Section 14(6) of the Local Government: Municipal Finance Management Act, 2003, the Municipal Council confirms that the portions of erven 214 and 255, Knysna, applied for is a non-exempted capital asset;

[d] That in terms of Regulation 5(2) of the Local Government: Municipal Finance Management Act, 56/2003: Municipal Asset Transfer Regulations, 2008, the Municipal Council confirms that the portions of erven 214 and 255, Knysna is not a "high value" assets and that a public participation should be followed although not mandatory;

[e] That in terms of Section 14(2)(b) of the Local Government: Municipal Finance Management Act, 2003, the Municipal Manager appoint a Registered Professional Valuer to determine the fair market value for the alienation of the portions of erven 214 and 255, Knysna at the applicant's cost;

[f] That the Municipal Council approves the advertising of the intended alienation of the portions of erven 214, Knysna to Beteli Apostolic Zion Church and 255, Knysna to Enlightened Christian Gathering Church;

[g] That in terms of Section 14(2)(a) of the Local Government: Municipal Finance Management Act, 2003, and on reasonable grounds, the Municipal Council confirms that the portions of erven 214 and 255, Knysna is deemed not needed to provide the minimum level of basic Municipal Services;

[h] That the applicants be responsible for all costs related to the alienation of the portions of erven 214 and 255, Knysna; and

[i] That a follow up item to be submitted after the public participation process is completed.

References: 7/1/2/1
Execution: Municipal Manager
Director: Corporate Services
Acting Head: Properties"

As per the above-mentioned Municipal Council Resolution, the following was done:
The intended alienation of a portion of the remainder of erven 214 & 255, Knysna to Beteli Apostolic Zion Church & Enlightened Christian Gathering Church was advertised for public participation, with a closing date 23 February 2026 (See attached **Annexure C**). No comments or objections were received before the closing date.

CURRENT ZONING

The remainder of Erf 255, Knysna is currently zoned 'Undetermined Use Zone' as per the Knysna Municipality zoning scheme by-law (2020). Land use approvals would need to be obtained.

The remainder of Erf 214, Knysna is currently zoned 'Undetermined Use Zone' as per the Knysna Municipality zoning scheme by-law (2020). Land use approvals would need to be obtained.

CURRENT USAGE OF PROPERTY (VIABLE OR NON VIABLE MUNICIPAL LAND)

The portion of the remainder of Erf 255, Knysna in question is currently being used by our IHS as a temporary housing area. The property in question is classified as Viable Municipal land.

The portion of the remainder of Erf 214, Knysna in question is currently being used by our IHS as a temporary housing area. The property in question is classified as Viable Municipal land.

CURRENT VALUE OF THE PROPERTY AS PER GENERAL VALUATION ROLL

The portion of the remainder of Erf 255, Knysna is currently valued at R20 000 on the General Valuation Roll of 2023 – 2028.

The portion of the remainder of Erf 214, Knysna is not on the General Valuation Roll of 2023 – 2028.

INTENDED FUTURE USAGE OF PROPERTY

The municipal departments, especially Integrated Human Settlements should advise on the intended use of the properties identified.

PUBLIC PARTICIPATION PROCESS AND OUTCOME

The intended alienation of the remainder of erven 214 & 255, Knysna was advertised for public participation.

FINANCIAL IMPLICATIONS

The Management of Immovable Property Policy adopted by Council in December 2021 states that churches are considered as social care institutions.

Furthermore, the purchase price of premises is determined as the once-off sale of premises per individual church/congregation of a church/religious association at a discounted price calculated as 25% (discount of 75% is granted) of the fair market value.

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003
Local Government: Municipal Finance Management Act (56/2003): Municipal Asset Transfer Regulations
Management of Immovable Property Policy
Knysna Municipality Supply Chain Management Policy

RECOMMENDATION OF THE DIRECTOR: CORPORATE SERVICES

[a] That the report and annexure's regarding the applications from Beteli Apostolic Zion Church and Enlightened Christian Gathering Church, be noted;

[b] That the advertising of the intended alienation of a portions of the remainder of erven 214 & 255, Knysna to Beteli Apostolic Zion Church & Enlightened Christian Gathering Church be noted;

[c] That it be noted that no comments or objections were received during the advertising period;

[d] That in terms of Section 14(2)(a) of the Local Government: Municipal Finance Management Act, 2003, and on reasonable grounds, the Municipal Council confirms a portion of the remainder of erven 214 & 255, Knysna is deemed not needed to provide the minimum level of basic Municipal Services;

[e] That the Acting Municipal Manager be authorised to appoint a Registered Professional Valuer to determine the fair market value of a Portion of the remainder of erven 214 & 255, Knysna, the cost should be for the applicants; and

[f] That the Acting Municipal Manager be authorised to enter into a market related sale agreement with Beteli Apostolic Zion Church & Enlightened Christian Gathering Church for a portion of the remainder of erven 214 & 255, Knysna.

ANNEXURES

ANNEXURE A - APPLICATION FROM BETELI APOSTOLIC ZION CHURCH AND ENLIGHTENED CHRISTIAN GATHERING CHURCH
ANNEXURE B - GIS MAPS
ANNEXURE C - ADVERT

File Number: 7/1/2/1
Execution: Acting Municipal Manager
Acting Director: Corporate Services
Acting Head: Properties

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inclusive || innovative || inspired

APPLICATION TO LEASE OR PURCHASE MUNICIPAL PROPERTY:

Name of Applicant : ECG THE JESUS NATION CHURCH

Residential Address : 47 GIJIMA STREET
WHITE LOCATION
KNYSNA, 6571

Erf Number : 10079

Telephone/Cell No : 0611912 778 / 079 749 8284

Email address : xtshabalala 01@gmail.com

[X] To buy property

[X] To lease property for a period of ..... YEAR

[ ] To lease by means of encroachment

Description of municipal owned property..... VACANT LAND .....

(Portion of Erf..... 255 .....).

Size of property to be considered (..... 2000 .....m²).

Zoning of Property..... UNDETERMINED USE ZONE .....

Intended Use of Property..... CHURCH BUILD .....

www.knysna.gov.za

THE JESUS NATION: KNYSNA BRANCH

KNYSNA MUNICIPALITY
PO Box X21
Knysna
6570

Sept. 2024

Greeting in the wonderful name of Jesus

In 2023 the above-mentioned church identified and applied for a land to build a Church in Hornlee. We were not successful in our endeavour due to the land being identified occupied by land dwellers before it could be approved by the Municipality.

We have now identified another vacant piece of land in **Kalkol (Portion of Erf 255)** this land also belongs to the Knysna Municipality.

We went to Knysna Municipality for application to rent the land and we were given an application form and were informed of the processes of follow and get the community in that area to sign petition agreeing to us having a church there.

We went to the community committee as advised but they refused us consent and even didn't want to listen to us further, stating that we are stealing the municipal land.

We hereby request Knysna Municipality's intervention on this matter. We humbly apply to have this piece of land be leased out to us for a period of one (1) year, with intension of buying it in future. During the lease period a temporally structure will be erected and later when the land is successfully bought, a permanent structure will be built.

The Church is also going to engage in Community and Youth Development Programmes such as, computer training skills, soup kitchen, counselling services. The church building is also going to be available for Funeral and Wedding venues.

We thank you in advance and trust for a speedy and successful reply.

Administration Board
The JN – ECG CHURCH: KNYSNA BRANCH

Reason/Motivation for application:

As Attached!

Support/Objections/Comments of Neighbours and/or Residents Associations to the property that is being applied for *(only registered property owners may comment)*

Erf No.....

Address.....

Name and Signature.....

Contact Details.....

☐ Approved ☐ Disapproved

Comments

.....

.....

.....

.....

Erf No.....

Address.....

Name and Signature.....

Contact Details.....

☐ Approved ☐ Disapproved

Comments

.....

.....

.....

.....

The following documents must be attached to the application:

- Any additional motivation or comments
- Sketch plan that indicates the property that is being applied for.
- Copy of identity document of the applicant.
- If the applicant is a non-profit of non-governmental organization, NPO or NGO registration certificate must be attached.
- If the applicant is a registered business, the company/trust/close corporation must submit the relevant registration documents with the application and disclose the particulars of the Directors or Trustees.

Please note:

- Incomplete applications will not be considered.
- A non-refundable application fee is payable on submission; proof of payment must be attached to the application form.
- Application to lease property will be finalized between 4 - 6 months after the date on which the complete application was received subject to no objections being received.
- Applications to purchase property will be finalized between 6 - 12 months after the date on which the complete application was received subject to no objections being received.
- In the event that a person purchases property from the Municipality, he will be responsible for some or all of the following costs depending on the specific transaction, namely: Sub division costs, advertisement costs, land use costs, road closure costs, consolidation costs, surveyor costs, transfer costs, valuation costs, and connection costs to Municipal services.
- In the event that a person leases property from the Municipality, he will be responsible for the advertisement costs, valuation costs (in some cases) and monthly Municipal service costs.
- I hereby give permission and consent that my name, surname and personal information contained in this application form, may be presented to Council and made available to interested and affected parties for the purpose of this application.

TARRIFF FOR THE 2022/2023 FINANCIAL YEAR

Kindly note the **non-refundable application fee** is payable on submission. An incomplete application form or form with missing supporting documentation will not be processed

1.	**Alienation and leasing of Municipal Land**		
2.	**Application Fee to lease/Purchase Municipal Property**	**per application**	**R277,99**
3.	**Advertising Fee**	**per application**	**R555,97**

Page | 4

	Encroachment on municipal land		
4.	**Encroachment of 0m² - 50m² over the property boundary**	**Per annum**	**R1 715,12**
5.	**Encroachment of 50m² > over the property boundary**	**Per annum**	**R3 430,23**

Signature of Applicant
Date: 13/12/25

For Official use

COLLAB NUMBER OF APPLICATION:.....

DATE ITEM SERVED BEFORE COUNCIL:.....

DATE ADVERTISEMENT WAS PLACED IN THE NEWSPAPER:.....

DATE ON WHICH THE AGREEMENT WAS SIGNED:.....

COLLAB NUMBERS OF CORRESPONDENCE WITH APPLICANT IN REGARDS TO THIS APPLICATION:.....

Colab No.:

File No.: 7/2/2/3
15/4/5

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APPLICATION TO LEASE OR PURCHASE MUNICIPAL PROPERTY:

Name of Applicant : BETELI APOSTOLIC CHURCH IN ZION

Residential Address : 1 XUBA STREET
WHITE LOCATION
KNYSNA

Erf Number : ~~10570~~ 10027

Telephone/Cell No : 063 558 2472 / 060 958 3410

Email address : petroslamo@gmail.com

[X] To buy property

[ ] To lease property for a period of .....

[ ] To lease by means of encroachment

Description of municipal owned property.. VACANT UNUSED ZONE OPPOSITE ERF 10150

(Portion of Erf....214.....).

Size of property to be considered (....+-500.....m²).

Zoning of Property.... UNDETERMINED USE ZONE

Intended Use of Property.... CHURCH PURPOSES

MUNISIPALITEIT / MUNICIPALITY
KNYSNA
2024 -09- 19
Action: E. Cambaler
CC: ADCSR, RT Hardnicky
S. Nelo, M. Botha
Noty, S. Guzana

www.knysna.gov.za

Reason/Motivation for application:

The plot on erf 214 has always been vacant it was a slanted plot from 2meters away from the edge of Sisulu Str. I became inspired to develop the plot since 2014 to erect a church structure. I organised trucks and TLB machines to fill-up the plot with soil as it was deteriated and un even, up until it was 21meters away from the road.

Our church is currently a temporal structure that is built on someone else's property [erf 10028].

The vision of the church is to bring the community together and promote christianity as a beacon of hope.

Support/Objections/Comments of Neighbours and/or Residents Associations to the property that is being applied for *(only registered property owners may comment)*

Erf No. 10033

Address. 2 Freedom Square white location

Name and Signature. Jeanette Simani

Contact Details. 0783935030

☑ Approved ☐ Disapproved

Comments

I fully support the Building of A Church Structure in Sisulu Street.

Erf No. 10137

Address. 4 Mlungisi Street

Name and Signature. Heidi Jantjies H.J

Contact Details. 0840574078

☑ Approved ☐ Disapproved

Comments

I support the vision of the church as it keeps community united.

The following documents must be attached to the application:

- Any additional motivation or comments
- Sketch plan that indicates the property that is being applied for.
- Copy of identity document of the applicant.
- If the applicant is a non-profit of non-governmental organization, NPO or NGO registration certificate must be attached.
- If the applicant is a registered business, the company/trust/close corporation must submit the relevant registration documents with the application and disclose the particulars of the Directors or Trustees.

Please note:

- Incomplete applications will not be considered.
- A non-refundable application fee is payable on submission; proof of payment must be attached to the application form.
- Application to lease property will be finalized between 4 - 6 months after the date on which the complete application was received subject to no objections being received.
- Applications to purchase property will be finalized between 6 - 12 months after the date on which the complete application was received subject to no objections being received.
- In the event that a person purchases property from the Municipality, he will be responsible for some or all of the following costs depending on the specific transaction, namely: Sub division costs, advertisement costs, land use costs, road closure costs, consolidation costs, surveyor costs, transfer costs, valuation costs, and connection costs to Municipal services.
- In the event that a person leases property from the Municipality, he will be responsible for the advertisement costs, valuation costs (in some cases) and monthly Municipal service costs.
- I hereby give permission and consent that my name, surname and personal information contained in this application form, may be presented to Council and made available to interested and affected parties for the purpose of this application.

TARRIFF FOR THE 2022/2023 FINANCIAL YEAR

Kindly note the **non-refundable application fee** is payable on submission. An incomplete application form or form with missing supporting documentation will not be processed

1.	**Alienation and leasing of Municipal Land**		
2.	**Application Fee to lease/Purchase Municipal Property**	**per application**	**R277,99**
3.	**Advertising Fee**	**per application**	**R555,97**

	Encroachment on municipal land		
4.	**Encroachment of 0m² - 50m² over the property boundary**	**Per annum**	**R1 715,12**
5.	**Encroachment of 50m² > over the property boundary**	**Per annum**	**R3 430,23**

Signature of Applicant
Date: 17/09/2024

For Official use

COLLAB NUMBER OF APPLICATION:.....

DATE ITEM SERVED BEFORE COUNCIL:.....

DATE ADVERTISEMENT WAS PLACED IN THE NEWSPAPER:.....

DATE ON WHICH THE AGREEMENT WAS SIGNED:.....

COLLAB NUMBERS OF CORRESPONDENCE WITH APPLICANT IN REGARDS TO THIS APPLICATION:.....

10202
9871
10141
10142
10143
10144
10145
10146
10201
10200
10151
10150
10149
10148
10147
10130
10131
10132
10140
10134
10133
10139
10135
10138
10136
10137
9974
9975
9976
9977
9979
214
SISULU STREET
MLUNGISI STREET
GUMA STREET
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17/09/2024, 13:20:33
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0 0.01 0.01 0.02 mi
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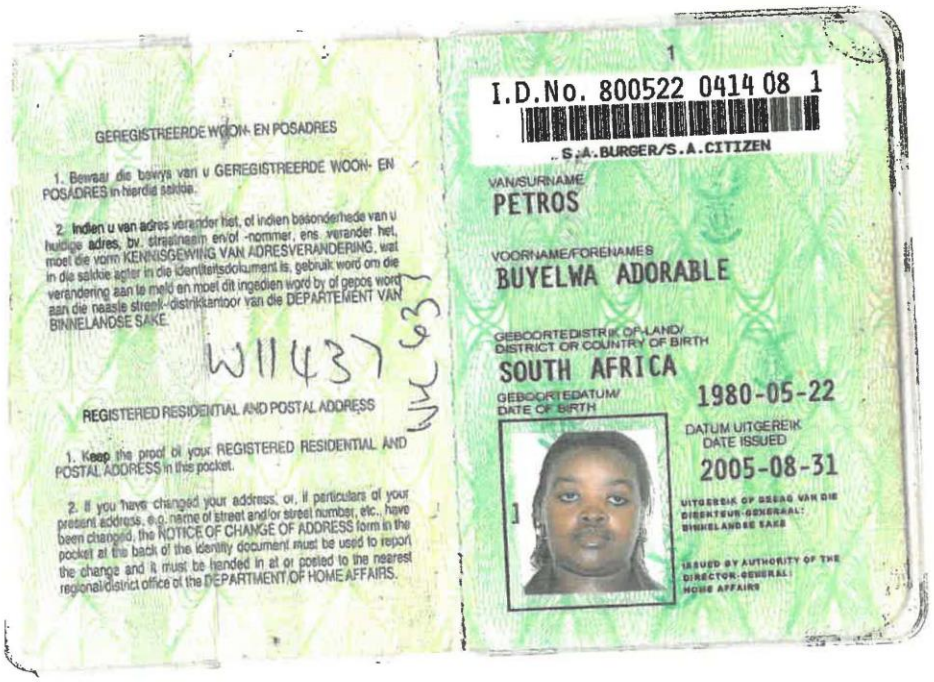
George Municipality, Esri Community Maps Contributors, Esri South Africa, Esri, TomTom, Garmin, Foursquare, METI/NASA, USGS

Ek kvag 74,



GEREGISTREERDE WOON- EN POSADRES

1. Bewaar die bewys van u GEREGISTREERDE WOON- EN POSADRES in hierdie sakkie.

2. Indien u van adres verander het, of indien besonderhede van u huidige adres, bv. straatnaam en/of -nommer, ens. verander het, moet die vorm KENNISGEWING VAN ADRESVERANDERING, wat in die sakkie agter in die identiteitsdokument is, gebruik word om die verandering aan te meld en moet dit ingedien word by of gepos word aan die naaste streek-/distrikkantoor van die DEPARTEMENT VAN BINNELANDSE SAKE.

W11437

REGISTERED RESIDENTIAL AND POSTAL ADDRESS

1. Keep the proof of your REGISTERED RESIDENTIAL AND POSTAL ADDRESS in this pocket.

2. If you have changed your address, or, if particulars of your present address, e.g. name of street and/or street number, etc., have been changed, the NOTICE OF CHANGE OF ADDRESS form in the pocket at the back of the identity document must be used to report the change and it must be handed in at or posted to the nearest regional/district office of the DEPARTMENT OF HOME AFFAIRS.

1

I.D.No. 800522 0414 08 1

S.A.BURGER/S.A.CITIZEN

VAN/SURNAME
PETROS

VOORNAME/FORENAMES
BUYELWA ADORABLE

GEBOORTEDISTRIK OF-LAND/
DISTRICT OR COUNTRY OF BIRTH
SOUTH AFRICA

GEBOORTEDATUM/
DATE OF BIRTH
1980-05-22

DATUM UITGEREIK
DATE ISSUED
2005-08-31

UITGEREIK OP GESAG VAN DIE DIREKTEUR-GENERAAL: BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE DIRECTOR-GENERAL: HOME AFFAIRS

Knysna Branch

I Xuba Street, White Location,
Knysna, 6570
President (060) 958 3410
Chairperson (067) 105 1121
Secretary (071) 048 9460

Date: 18 September 2024

Addressed to : Knysna Municipality, Knysna, 6570

Greetings!

To Whom It May Concern,

We, the leadership of BETELI Apostolic Zion Church in South Africa, hereby confirm that after a formal church meeting and careful consideration, it has been agreed that Mrs. Buyelwa Adorable Petros, as the Lady President of our
church, has been granted full authority to act on behalf of the church in all matters concerning Plot 214, White Location, Knysna.

This includes the right to sign any necessary documentation or agreements related to the property. We have every confidence in Mrs. Petros's ability to carry out this responsibility with the integrity and dedication that she has consistently demonstrated in her role.

Should any further clarification be needed, please feel free to reach out to our office.

For any question or concern you can contact me (Lady Deacon of the church I **XAYIMPI**) through the number given below :
+27 71 048 9460

God bless you.

Signed: _____
Lady Deacon (I. Xayimpi)

President Mr P. Petros & Lady President Mrs L. Petros,
Chairperson: S. Swartbooi
Secretary: N. Ngqashe
Deputy Secretary: Lady Deacon I Xayimpi
Treasure: N. Mpambani
Organizer/Co-Ordinator: Deacon W. Xayimpi

1/02/22

KNYSNA Municipality Munisipaliteit uMasipala

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RECEIVED WITHOUT PREJUDICE TO RIGHTS / ONTVANG SONDER BENADELING VAN REGTE

☎ 044 302 6300
✉ 21 KNYSNA 6570
FAX 044 302 6333

VAT INVOICE/RECEIPT
RECEIPT: 000997 DATE: 19/09/2024 MC NO:043 TIME: 07:37
KNYSNA MUNICIPALITY VAT REG: 4360193876

CST:9/242-13-15	Apply: Consent Us tpl	36.26	279.00	*

CASH
ERF NO:10150
0635592472 ADORABLE BUYELWA PETROS

TOTAL:	279.00
VAT:	36.26 *
TENDERED:	300.00
CHANGE:	22.00

KNYSNA Municipality Munisipaliteit uMasipala

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☎ 044 302 6300
✉ 21 KNYSNA 6570
FAX 044 302 6333

VAT INVOICE/RECEIPT
RECEIPT: 000997 DATE: 19/09/2024 MC NO:043 TIME: 07:37
KNYSNA MUNICIPALITY VAT REG: 4360193876
* DUPLICATE *

CST:9/242-13-15	Apply: Consent Us tpl	36.26	279.00	*

CASH
ERF NO:10150
0635592472 ADORABLE BUYELWA PETROS

TOTAL:	279.00
VAT:	36.26 *
TENDERED:	300.00
CHANGE:	22.00

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PUBLIC INVITATION FOR COMMENTS/INPUTS TO THE INTENDED ALIENATION OF VARIOUS MUNICIPAL PROPERTIES

Notice is hereby given, in terms of the Asset Transfer Regulations, that the Municipal Council intends to:

- Alienate a portion of Erf 214, Knysna (White Location), measuring ±500 m2 to the Beteli Apostolic Zion Church for Church purposes;
- Alienate a portion of Erf 255, Knysna (Nekkies West), measuring 2000 m2 to the Enlightened Christian Gathering Church for Church purposes; and
- Alienate Erf 109, Karatara, at a fair market value for residential purposes.

Additional information may be obtained from the Property Management Department: Mr. Sibongile Nelo at telephone number 044 302 6323 or via e-mail at snelo@knysna.gov.za, during normal business hours.

Any comments or objections regarding the proposed alienation must be submitted by email to the Municipal Manager, at knysna@knysna.gov.za by no later than 12h00 on 20 April 2026.

DR. RICHARD MARTIN
ACTING MUNICIPAL MANAGER

www.knysna.gov.za

11042

6.10

SC10/10/26 REQUEST FOR CONTRIBUTION TOWARDS LEGAL FEES: MR BOY NGUBO /MEC FOR LOCAL GOVERNMENT

REPORT FROM THE ACTING MUNICIPAL MANAGER

PURPOSE OF THE ITEM

The purpose of this report is for Council to consider a formal request from Mr. Boy Ngubo for a 50% financial contribution toward his accrued legal expenses. A copy of the letter from Mr. Ngubo's attorneys is attached hereto, marked **"A".** These costs, which currently exceed R300 000, were incurred during High Court litigation involving the MEC for Local Government. This matter is submitted for consideration in terms of Section 109A of the Local Government: Municipal Systems Act 32 of 2000.

BACKGROUND AND DISCUSSION

Mr. Boy Ngubo was originally appointed as the Acting Municipal Manager effective from 5 May 2026 for a three-month period. Upon expiration, Council sought to extend his acting contract for an additional three months.

The MEC for Local Government formally challenged this extension in the High Court, seeking a judicial review of Council's decision based on various allegations stemming from Mr. Ngubo's previous place pf employment.

The Municipality and the MEC subsequently entered into a settlement agreement, which was made an order of court on 20 August 2026. This order effectively deemed Mr. Ngubo's lawful acting tenure to conclude on 27 August 2026, after which he ceased to function in that capacity.

Mr. Ngubo independently appealed the court order of 20 August 2026. In terms of South African civil procedure, this appeal automatically suspends the operation of the order granted on 20 August 2026. At present, neither Mr. Ngubo's appeal nor the MEC'S original review application has been substantively heard by the Court.

Mr. Ngubo was subsequently arrested on corruption-related charges on 1 October 2026. Following his arrest, Council appointed Dr. Richard Martin as the new Acting Municipal Manager. While bail was granted on 13 October 2026, he has not returned to work since his arrest.

Mr. Ngubo has requested that Council contributes 50% of his legal fees (amounting to at least R150, 000 of R300 000 plus total), asserting that the core litigation stems directly from his appointment and duties as a municipal official.

LEAGAL IMPLICATIONS

The primary statutory mechanism governing this request is Section 1019A of the Local Government: Municipal Systems Act 32 of 2000.

The statutory provisions under Section 1019A of the Local Government: Municipal Systems Act outline a municipality's discretionary power to provide legal representation or financial

assistance to an employee or councillor for legal proceedings arising from the execution of their official duties.

Critical Legal Risk for Council's Assessment:

1. **The "Good faith" Requirement:** Section 109A is intended to protect officials acting in the lawful, good-faith execution of municipal duties. Council must carefully weigh whether the MEC's underlying allegations regarding Mr. Ngubo's past conduct, paired with his recent 1 October 2026 arrest for corruption, compromise the statutory requirement for the municipality to fund his personal litigation.
2. **Pending Appeal Integrity:** Because Mr. Ngubo launched an independent appeal that actively suspended a settlement agreement originally agreed to by the Municipality, Council must determine if funding an appeal that actively opposes a municipal settlement serves the public interest.

FINANCIAL IMPLICATIONS

A minimum of R150, 000 (representing 50% split) of the cited R300 000. Any payment must be strictly subject to an independent assessment and a taxed bill of costs proving the expenses relate solely to the High Court civil matter and not criminal proceedings.

RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

[a] That the Report for the Request for contribution towards Legal Fees: Mr Boy Ngubo /MEC for Local Government, be noted;

[b] That Council takes note of the formal request from Mr. Boy Ngubo through his attorneys for a 50% contribution towards his litigation costs in excess of R300 000;

[c] That Council takes note of the shifting legal context, including the suspension of the 20 August 2026 court order via appeal, Mr Ngubo's subsequent arrest on 1 October 2026, and the appointment of Dr. Richard Martin as Acting Municipal Manager;

[d] That Council evaluates the request strictly in terms of Section 109A of the Municipal Systems Act 32 of 2000, explicitly determining whether contributing public funds to this litigation aligns with the municipality's financial interests and statutory scope;

[e] That Council resolve to either:

1. **Option A:** Decline the request on the grounds that the ongoing criminal matter and independent appeal trajectories do not serve the strategic and fianacial interests of the Municipality; or
2. **Option B:** Approve the 50% contribution (capped at R150 000), subject to the strict condition that funds are only disbursed upon presentation of a taxed bill of costs strictly verified by the Legal Services Section to exclude any criminal defense costs.

File Number: 9/1/2/14
Execution: Acting Municipal Manager

"A"

HDRS
ATTORNEYS INC
Attorneys • Notaries • Conveyancers

Suite 27 Melville's Corner, Plettenberg Bay, South Africa
Phone +27 (44) 533 4485
WhatsApp +27 (71) 387 8967
Email info@hdrs.law.za

15 October 2026

Our ref: W07700
Knysna Ref: 3080738

Morton Gericke
Acting Executive Mayor
email: mgericke@knysna.gov.za
knysna@knysna.gov.za

Dr Richard Martin
Acting Municipal Manager
email: rmartin@knysna.gov.za

Dear Sirs

NGUBO B.M: MUTUAL SEPERATION AGREEMENT AND EXPIRY OF FIXED TERM CONTRACT

Your letter addressed to our client, Mr Ngubo on the 14th instance refers, the contents thereof are noted.

It is not our intention to respond to each and every contention contained therein at this moment and we specifically reserve all of our clients rights to respond at the appropriate time and in the appropriate forum should the need arise.

We hold instructions to respond as follows:

Our client acknowledges the term remaining on the employment contract and in order to settle requests that your office consider a round table meeting to be held tomorrow morning, wherein the parties could discuss the terms and conditions of the mutual separation agreement. Our clients main concern is the mounting legal fees for the litigation against the MEC where he fought to maintain the integrity of Council decisions pertaining to appointments into the position of Municipal Manager (Acting) etc. Today our client has spent in excess of R300 000.00 (three hundred thousand rand).

We look forward to your favourable reply.

Yours Faithfully

Mr Francois Du Plessis
Unsigned for electronic dispatch

Directors: F Du Plessis (B.Proc.LLB.) • N Van der Mescht (B.Proc.LLB.
Consultants: M L Robin (B.A Hons Dip. Law) • C du Plessis (B.Proc.LLB.)
Established: 1968 | Registration No: 2015/427988/21E

6.11

SC11/10/26 OUTCOME OF NEGOTIATIONS REGARDING MUTUAL SEPARATION AGREEMENT: MR. BOY MANQOBA NGUBO

REPORT FROM THE ACTING MUNICIPAL MANAGER

PURPOSE OF THE ITEM

To inform Council of the final outcome of the negotiations conducted with Mr. Boy Manqoba Ngubo and to submit the concluded Mutual Separation Agreement for formal noting and ratification of the implementation details. A copy of the said agreement is attached hereto, marked **"A".**

BACKGROUND AND DISCUSSION

On 13 October 2026, the Municipal Council passed a resolution authorizing the administration to enter into negotiations with the Acting Municipal Manager, Mr. Boy Ngubo, to terminate his employment contract via Mutual Separation Agreement.

Following formal engagements, a mutual agreement has been successfully reached and signed by both parties. The negotiated operational parameters of the agreement require both Council's attention and administrative implementation.:

- Effective date: In accordance with the initial mandate, the agreement is legally
- binding and effective retrospectively from 13 October 2026 (date of the initial Council resolution).
- Special Leave Status: To regularize his absence from the workplace during the transitional period, Mr. Ngubo's absence from work starting on 2 October 2026 is regarded as special leave.
- Salary and Final Payout Structure: The Municipality will proceed and pay Mr. Ngubo's normal salary for October 2026. The remaining balance of the settlement financial terms due from 1 November 2026 onwards will be disbursed during the November 2026 salary run.
- Leave Encashment: The Finance and Human Resources Departments have been tasked with auditing and calculating the exact financial value of Mr. Ngubo's outstanding accumulated leave balance, which will be included in the final payout.

RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

[a] That Council takes note of the outcome of the negotiations and the subsequently concluded Mutual Separation Agreement with Mr. Boy Manqoba Ngubo;

[b] That Council resolves that the effective date of the Mutual Separation Agreement be recognized as 13 October 2026, in line with Council's previous resolution;

[c] That Council resolves that the absence of Mr. Ngubo from office as from 2 October 2026 be formally approved as special leave.

File Number: 9/1/214
Execution: Acting Municipal Manager

KNYSNA
Municipality Munisipaliteit uMasipala

MUTUAL SEPARATION AGREEMENT

KNYSNA MUNICIPALITY

AGREEMENT

ENTERED INTO BY AND BETWEEN
[HEREIN REFERRED TO AS **"the"**]
DULY REPRESENTED BY **MORTON GERICKE** HIS CAPACITY as
ACTING EXECUTIVE MAYOR
duly authorised thereto.

and
BOY MANQOBA NGUBO

In his capacity as the Employee
[HEREIN REFERRED TO AS **"Mr. Ngubo"**

1. **RECORDAL**
   1.1. Mr. Ngubo was employed as the Acting Municipal Manager of the Municipality.
   1.2. Following consultations and by virtue of an official Council Resolution on 12 October 2026, the parties have agreed to terminate the employment relationship between the Municipality and Mr. Ngubo.
   1.3. This agreement supersedes any prior employment contracts, extensions, or verbal agreements in force between the parties.

2. **TERMINATION DATE**

2.1. The employment relationship between the Municipality and Mr. Ngubo is officially and mutually terminated with effect from 13th October 2026.

2.2. As from the effective date, Mr. Ngubo shall have no further obligations, duties, or powers as the Acting Municipal Manager or as an employee of the Municipality.

3. **FINANCIAL ARRANGEMENTS AND PAYOUTS**

3.1. The Municipality shall pay Mr. Ngubo all statutory amounts due to him up to and including 6 November 2026, including pro-rata salary and accrued, unused annual leave, subject to municipal policies and applicable legislation.

3.2. Any separation package or further ex-gratia payment is strictly subject to final approval of the Knysna Municipal Council and must comply with the Local Government: Municipal Systems Act 32 of 2000 and related regulations.

3.3. All payments will be subject to statutory deductions, PAYE (Pay As You Earn) tax deductions as required by the South African Revenue Service (SARS).

4. **NO ADMISSION OF LIABILITY OR WAIVER OF EXTERNAL RIGHTS**

4.1. The entering into of this agreement shall not be construed by either party as an admission of guilt, wrongdoing, or liability regarding any ongoing legal processes, investigations, or allegations.

4.2. This agreement does not prejudice, waive, or affect any external criminal, civil, or statutory investigations or court proceedings conducted by the South African Police Services (SAPS), the Special Investigating Unit (SIU), or any court of law.

5. **RETURN OF MUNICIPAL PROPERTY**

5.1. Mr. Ngubo undertakes to immediately return all property belonging to the Municipality currently in his possession, including but not limited to laptops, mobile phones, official documents, keys, access cards,etc.

6. **CONFIDENTIALITY**

6.1. Both parties undertake to keep the terms and contents of this agreement, as well as internal municipal matters handled during the period of

employment, strictly confidential, except where disclosure is required by local government legislation or a court order.

7. **FULL AND FINAL SETTLEMENT**

7.1. Save for the provisions contained in this agreement, and excluding any external statutory legal processes, this agreement is entered into in full and final settlement of labour-related disputes or claims that the parties may have against each other arising from the employment relationship or its termination

THUS, DONE AND SIGNED BY THE MUNICIPALITY AT Knysna **ON THIS**

13 **DAY OF** October **2026.**

AS WITNESSES:

1. _____

2. _____

_____
For THE MUNICIPALITY
Being duly authorised herein)

THUS, DONE AND SIGNED BY BOY MANQOBA NGUBO AT KNYSNA

ON THIS 13th **DAY OF** October **2026.**

AS WITNESSES:

1. _____

2. _____

_____
BM NGUBO

Being duly authorized hereto

6.12

SC12/10/26 REPORT ON THE FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE INCURRED IN CONNECTION WITH THE APPOINTMENT OF SENIOR MANAGERS

REPORT FROM MPAC

INTRODUCTION

To obtain Council's approval for the recommendations of the Municipal Public Accounts Committee.

The Municipal Public Accounts Committee is established in terms of section 79 of the Local Government: Municipal Structures Act 117 of 1998 and reports to Council after each of its pre-determined meetings. Council must deliberate on any recommendations from the MPAC.

The MPAC must investigate unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32 of the Municipal Finance Management Act 56 of 2003, with a view to recommending to the Municipal Council whether such expenditure is irrecoverable or not.

BACKGROUND

During the financial years **2022/2023 and 2023/2024** irregular expenditure and fruitless and wasteful expenditure was identified by the Auditor General in respect of various acting and permanent appointments of senior managers.

The remuneration paid to the senior managers, who were illegally appointed, was determined to be irregular expenditure.

The appointments were made by council. In each instance, the majority of council voted in favour of the appointments, despite the fact that the relevant appointees did not qualify with the provisions of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers 2014, read with the MFMA: Regulations on Minimum Competency Levels, 2007. During the meetings when the appointments were made, Councillors were informed that the relevant candidates did not comply, but went ahead and voted for the appointments, regardless.

As a result of the illegal appointments, the MEC of Local Government on more than one occasion, approached the High Court, to have the illegal appointments set aside. In some instances, the municipality defended the legal action.

The legal actions, resulted in legal costs being incurred by the municipality, and those costs were determined to be fruitless and wasteful expenditure.

A copy of the Audit findings, in which the irregular expenditure and fruitless and wasteful expenditure was noted, as well as documentation that was provided to the Committee to enable it to complete the investigation, whereas the report is on the open agenda, the documentation is included in the In-Committee Agenda.

Section 32(1)(c) of the MFMA determines that **any political office-bearer** or official of a municipality, **who deliberately or negligently committed, made or authorised an**

irregular expenditure, is liable for that expenditure and Section 32(1)(d) determines that any **political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.**

Section 32(2)(b) determines that a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure, in the case of irregular or fruitless and wasteful expenditure is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.

DISCUSSION

MPAC met on the 22nd of September 2026 to consider the irregular and unauthorised expenditure.

The following appointments were investigated:

1. **LUVUYO LOLIWE – ACTING DIRECTOR OF CORPORATE SERVICES- 16 SEPTEMBER 2022, 13 DECEMBER 2022 AND 15 MARCH 2023.**

Mr. Loliwe was initially appointed by a majority of Council, to the above position on **16 September 2022** for a three-month period. In **October 2022** the MEC was provided with the minutes of the special council meeting and on **8 November 2022,** the MEC advised the Executive Mayor of the Municipality that Mr. Loliwe failed to meet the requirements prescribed under regulation 7 of the Competency Regulations in that he did not have minimum of seven years' experience at senior and middle management levels, of which a minimum of two years must be at senior management level.

The Executive Mayor was requested to advise the MEC within 7 days of the steps taken to remedy the situation. On **23 November 2022,** the Executive Mayor, Cllr Tsehgwa, advised the MEC that the Council was satisfied with Mr. Loliwe's performance and that it intended to extend his contract until the vacancy has been filled satisfactorily. The MEC was also advised that the Municipality was in the process of finalising the permanent recruitment process for the position, which was expected to be conducted at the end of February 2023.

It was not disputed that Mr. Loliwe did not comply with this requirement, and despite the letter from the MEC, Council resolved on **13 December 2022** to appoint Loliwe as acting Director of Corporate Services for a further three-month period, without concurrence from the MEC, who was only informed of this appointment on **7 February 2023.**

On **8 February 2023,** the MEC addressed letters to the Executive Mayor and the Municipal Manager in which he indicated that the resolution to appoint Loliwe was unlawful. He requested urgent undertakings from the Executive Mayor, Cllr. Tsengwa, the Speaker, Cllr Skosana, and the Municipal Manager that, pending the finalisation of an application to court, which was due to be instituted, Council would not make any further resolutions to further extend the acting appointment of Loliwe, that the acting appointment of Loliwe would be not be implemented, and that no further employment contract would be concluded in terms whereof Loliwe was appointed as an acting Director of Corporate Services.

On **8 February 2023,** the Executive Mayor advised that The MEC that Council had referred the matter for a legal opinion, which would be shared with the MEC, however the municipality did not provide the opinion or any undertaking.

The MEC applied for an urgent interdict, to prevent the Municipality from appointing Loliwe, but the matter was struck from the roll, on **14 February 2023,** for lack of urgency.

Despite the pending court action, Council on the **15th of March 2023**, again appointed Mr. Loliwe for three months.

The MEC's application was eventually heard and on the **7th of June 2023,** Slingers J set aside the appointment of Mr. Loliwe and declared the resolution taken by taken by Council on **15 March 2023** to appoint Loliwe to be unlawful, *ultra vires,* and null and void by virtue of its contravention of section 56(1)(c) of Local Government Municipal Systems Act, Act 32 of 2000. Although Mr. Loliwe's first two appointments, were unlawful, by agreement between the parties, the court did not set the appointments aside, because both appointments had come to an end by the time the matter was heard.

The remuneration that was paid to Mr. Loliwe was therefore unlawful and has to be recovered from the officials or political office bearers who committed the municipality to the expenditure.
The amount that was paid to Mr. Loliwe is R 818 711,00.

The following councillors voted for all three appointments, despite the fact that council was alerted to the fact that Mr. Loliwe did not have any senior management experience, whereas he was required to have a minimum of two years' experience:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all three appointments, it was determined that the councillors, who voted for the appointments, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors, who voted for all three of the appointments, were in all probability acting deliberately, it was not necessary to determine whether the conduct was intentional, as negligent conduct is sufficient to establish liability.
The committee found that the reasonable person, in the position of the councillors, who voted for the appointments, would have obtained and heeded legal advice on the legality of the appointments, before voting in favour of the appointments. It was also determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Mr. Loliwe on the **15th of March 2026,** despite the pending court action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Mr. Loliwe's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee noted that the municipality may have received some value for money, but that it is not a consideration that may be taken into account when determining liability for irregular expenditure. It was further noted that, had Council appointed an internal member of staff, who also did not qualify, the irregular expenditure would have been closer to R10 000.

The committee did not consider it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

2. LONDILE SOTHSHEDE- ACTING CFO-15 AUGUST 2022, 16 NOVEMBER 2022 AND 16 FEBRUARY 2023 AND 11 MAY 2023.

Ms. Sotshede was first appointed as the acting CFO from **15 August 2022** for three months. She was appointed, despite the fact that councillors had been informed that she does not comply with the requirement, that she had to have a relevant NQF 8 qualification.

On **12 October 2022,** the MEC was furnished with a copy of the minutes of a special meeting of Council of **12 August 2022**, the meeting at which the first acting appointment of Ms. Sotshede was approved by Council.

The MEC wrote to the Executive Mayor, Cllr Tsengwa, and informed him that it did not appear that MS. Sotshede met the requirements MFMA Financial Competency Regulations. The Executive Mayor responded that Council was satisfied with Sotshede's performance and intended to extend her employment contract until such time that the vacancy had been filled satisfactorily.

Thereafter, without concurrence from the MEC, at a council meeting held on **27 October 2022,** Ms. Sotshede was re-appointed from **16 November 2022** for a further three months.

On **31 January 2023**, the MEC was provided with the minutes of an ordinary meeting of the Council held on **27 October 2022.**

On **8 February 2023**, the MEC addressed letters to the Executive Mayor and the Municipal Manager in which he noted the alleged unlawful resolutions and requested urgent undertakings from the Executive Mayor, the Speaker and the Municipal Manager that, pending the finalisation of an application which was due to be instituted, the Council would not make any further resolutions to further extend the acting appointment of Sotshede, that no further acting appointment of Sotshede would be implemented, and that no further employment contract would be concluded in terms whereof Sotshede was appointed as an acting CFO. No undertakings were furnished.

On **14 February 2023**, without concurrence, and in defiance of the communication from the MEC, the majority of Council resolved to again appoint Ms. Sotshede as acting CFO for a further three months.

On **9 February 2023,** the MEC instituted urgent application proceedings, wherein he sought an interim interdict preventing the Municipality from appointing Sotshede as acting CFO after 15

February 2023. This application was heard on **14 February 2023** and struck from the roll for lack of urgency.

While the court case was pending, on the **11th of May 2023,** the majority of Council again appointed Ms. Sotshede for a further three months.

On the **7th of June 2023,** Slingers J declared the resolution taken by the Council of Knysna Municipality on **14 February 2023** and on **11 May 2023** to appoint Londiwe Sotshede as the acting chief financial officer of the Knysna Municipality to be unlawful, *ultra vires,* and null and void by virtue of its contravention of section 56(1)(a) and (c) of Local Government Municipal Systems Act, and Regulation 5 of the MFMA Regulations on Minimum Competency Levels.
The court found that MS. Sotshede did not have a relevant NQF8, qualification and the extension of her contract for a period exceeding 3 months was unlawful.

The remuneration of R 926 904.00, that was paid to Ms. Sotshede was identified as irregular.

The following councillors voted for all four unlawful appointments, despite the fact that council was alerted to the fact that Ms Sotshede, did not have a relevant NQF 8 qualification and that the extensions of her contract were unlawful:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all four appointments, it was determined that the councillors, who voted for the appointments, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors who voted for all four appointments were in all probability acting deliberately, it was not necessary to determine whether the conduct was intentional, as negligent conduct was sufficient to establish liability.
The committee found that the reasonable person, in the position of the councillors, who voted for the appointment, would have obtained and heeded legal advice on the legality of the appointment, before voting in favour of the appointments. It was also determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Ms. Sotshede on **11 May 2023**, despite the pending legal action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Ms. Sotshede's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee noted that the municipality may have received some value for money, but that it is not a consideration that may be taken into account when determining liability for irregular

expenditure. It was further noted that, had Council appointed an internal member of staff, who also did not qualify, the irregular expenditure would have been closer to R10 000.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

3. OMBALI SEBOLA- MUNICIPAL MANAGER-25 JANUARY 2023.

On the **25th of January 2023** the majority of Council unlawfully appointed Mr. Sebola as MM, despite the fact that the selection report indicated had his core competencies had been assessed as "*basic*" and "*needing development"*.

The following councillors voted for his appointment:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

Cllr Matika abstained and the Speaker used his casting vote to appoint Mr. Sebola.
On **23 February 2023** the MEC advised the Executive Mayor, Cllr Tsengwa, that the appointment was unlawful and null and void.

On **8 March 2023** the Executive Mayor advised the MEC that he would seek a legal opinion regarding the authority, which the MEC relied upon in his earlier correspondence, and to opine on the issue of the lawfulness of Sebola's appointment.

In March 2023, the DA and the MEC both proceeded with applications to have the appointment set aside.

On **10 May 2024** Pangarker J set aside the appointment of Mr. Sebola and declared the appointment to be null and void.

The result was that all remuneration that was paid to Mr. Sebola was irregular and had to be recovered from the officials or councillors who **deliberately or negligently committed to the expenditure.**

The total remuneration that was paid to Mr. Sebola is R 2 064 707,17

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made the appointment, it was determined that the councillors, who voted for the appointment, had committed the municipality to the irregular expenditure.

The following councillors voted for the expenditure:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors who voted for the appointment were in all probability acting deliberately, it was not necessary to determine that the conduct was intentional, as negligent conduct was sufficient to establish liability.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointment, would have taken cognisance of the selection report and the fact that Mr. Sebola had not achieved the minimum required competency level on his assessment. The reasonable person would have obtained legal advice on the legality of the appointment, before voting in favour of the appointment. It was also determined that the reasonable person in the position of the councillors, would have voted for the appointment to be conditional upon confirmation from MEC Bredell, that the appointment complied with all legal requirements.

None of this was done.

The committee found that the councillors, who appointed Mr. Sebola, on **25 January 2023**, despite the pending legal action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Mr. Sebola's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee noted that there were candidates for the position of Municipal Manager who fully qualified for the position, councillors were advised that Mr. Sebola did not meet the legally prescribed criteria. They did not heed the advice, and made a conscious decision to go ahead with yet another illegal appointment.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was deliberate and/or grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

4. LUVUYO LOLIWE – DIRECTOR OF CORPORATE SERVICES-13 JULY 2023.

On the **13th of July 2023**, the majority of Council appointed Mr. Loliwe as Director of Corporate Services.

This was despite the fact that the acting appointment of Mr. Loliwe had been set aside by the High Court on **7 June 2023.**

The following councillors voted for the appointment, despite the fact that council was alerted to the fact that Mr. Loliwe, did not have any senior management experience, whereas he was

required to have a minimum of two years' experience and the fact that his acting appointment had been set aside by the court less than a month before.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The MEC approached the High Court to set aside the appointment. Webber Wentzel Attorneys advised Council that Mr. Loliwe did not have the requisite experience at senior management level and in **December 2023** Council resolved to not defend the MEC's application.

On the **7th of June 2024,** the High Court set aside the appointment of Mr. Loliwe.

As a result, all remuneration that has been paid to Mr. Loliwe is irregular and has to be recovered from the political office bearers who committed the municipality to the expenditure.

The amount of R 1 031 105,43 was paid to Mr. Loliwe.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all three appointments, it was determined that the councillors, who voted for the appointment, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

The committee was of the opinion that there was no reasonable doubt, that the same councillors, who voted on four occasions for the same official to be appointed illegally were acting intentionally.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointments, would have obtained and heeded legal advice on the legality of the appointments, before voting on five occasions, to appoint Mr. Loliwe illegally.

It was also determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Mr. Loliwe on the **13th of July 2023,** despite the pending court action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Mr. Loliwe's appointment should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee noted that the municipality may have received some value for money, but that it is not a consideration that may be taken into account when determining liability for irregular expenditure. It was further noted that, had Council appointed an internal member of staff, who also did not qualify, the irregular expenditure would have been closer to R10 000.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

5. FRUITLESS AND WASTEFUL EXPENDITURE-LEGAL COSTS

Luvuyo Loliwe

The Committee could not finalise the investigation into the liability of all persons who made or authorised the expenditure, as it needed to obtain evidence and advice from the Manager: Legal Services, who is currently on maternity leave.

However, in the case of **Mr. Luvuyo Loliwe and Londile Sotshede,** the Committee found that **Mr. Loliwe,** an admitted Advocate of the High Court, who had been employed as Legal Advisor at Bitou Municipality for a number of years prior to being unlawfully appointed in Knysna, knew, or should have known, that the municipality was not permitted to pay for his legal expenses resulting from the MEC's legal action to have his unlawful appointments set aside. The conduct of Mr. Loliwe, fell far short of the conduct that was expected of a reasonable official in the position of Mr. Loliwe.

The Committee also found that Ms. Sotshede, a qualified professional CFO, Knew or should have known that the municipality was not permitted to pay for her legal expenses in connection with the MEC's action to set aside her appointment.

In terms of section 109A(a) of the Municipal Systems Act, a municipality may, subject to such terms and conditions as it may determine, provide an employee or councillor of the municipality with legal representation where legal proceedings have been instituted against the employee or councillor, as a result of any act or omission by the employee or councillor in the exercise of his or her powers or the performance of his or her duties.

The legal action challenged the legality of the appointment of Mr. Loliwe, and Ms. Sotshede and did not relate to their conduct while performing their duties.

On the **2nd of March 2023** Mr. Loliwe formally requested that the municipality pays for his legal representation, and confirmed that he was acting within the scope of his duties, although he knew or should have known, that the legality of his appointments was being challenged and that the Municipality was not permitted to pay these expenses.

On the 14th of March 2023 Londile Sotshede, the Acting CFO formally applied for legal representation in connection with the same legal action and confirmed that she was acting within the scope of her duties, although she knew or should have known, that the legality of her appointments was being challenged and that the Municipality was not permitted to pay these expenses.

The committee therefore resolved to recommend to Council that the fruitless and wasteful expenditure incurred in connection with the legal actions to set aside the unlawful appointments of **Mr. Loliwe and Ms. Sotshede**, in the amount of **R2,477,527,** should be recovered from Mr. Luvuyo Loliwe and Ms. Londile Sotshede.

The committee did not deem it necessary to afford Mr. Loliwe and Ms. Sothshede an opportunity to make submissions, before MPAC reached its findings and reported to council.
The reason for this is that the test for negligence is an objective test, and the subjective opinion of Mr. Loliwe and Ms. Sotshede would not affect the committee's finding that their conduct was deliberate or grossly negligent.

RECOMMENDATIONS

[a] That Council notes the report from MPAC;

[b] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Mr. Loliwe,** for the period September 2022 to July 2023, in the amount of **R 818 711.00**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom;

[c] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Ms Sotshede**, for the period August 2022 to June 2023, in the amount of **R 926 904.00**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom;

[d] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Ms Sebola,** for the period February 2023 to June 2024, in the amount of **R 2 064 707,17**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom

[e] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Mr. Loliwe,** for the period September 2023 to June 2024, in the amount of **R 1 031 105,43**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom;

[f] That Council resolves that the fruitless and wasteful expenditure incurred in connection with the legal actions to set aside the unlawful appointments of Mr. Loliwe and Ms. Londile Sotshede, in the amount of **R2,477,527** be recovered from **Mr. Luvuyo** Loliwe **and Ms. Londile Sotshede**, the one paying, the other to be absolved; and

[g] That the investigation into whether any political office bearers and other officials are liabale for the fruitless and wasteful expenditure, incurred as a result of the legal costs associated with the unlawful appointments be finalised after the Manager Legal Services has returned from maternity leave.

File Number: 9/1/2/14
Execution: Acting Municipal Manager

6.13

SC13/10/26 UPPER LIMITS OF TOTAL REMUNERATION PACKAGES OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

REPORT FROM THE ACTING MUNICIPAL MANAGER

PURPOSE OF THE REPORT

To request Council to implement the Upper Limits of Total Remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers as promulgated in Government Gazette No. 55150 dated 5 August 2026 (hereinafter "the Notice").

BACKGROUND

Upper limits and total remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers are promulgated by the Minister for Cooperative Governance and Traditional Affairs. **The Notice (Government Gazette No. 55150)** sets out the remuneration and benefits applicable to senior managers, effective from **01 July 2025**, replacing the previous Notice (Government Gazette No. 54505 of 14 April 2026).

The Notice determines the following key provisions relevant to this report:

- **Item 5** – Determination of the grade of the Municipality
- **Items 6 & 7** – Upper limits for Municipal Managers and Managers directly accountable to Municipal Managers
- **Item 9** – Pay progression criteria

In terms of categorisation, the Knysna statistics are as follows:

Criteria	Points
Total municipal Income (2024/2025) = R1,051,113.181	53
Total Municipal Equitable Share (2024/2025) = R130,575,000	7
Total Population (2022 Census) = 96,055	3
Total Points	**63**

In terms of Item 5 on Page 7 of the Notice, 63 points equate to a Grade 4 determination. The current implementation is based on Grade 4 as per the determination in previous Gazette no. 54505. Therefore, the Grade remains and same and no change will be implemented.

In terms of **Item 6,** the upper limits of the annual total remuneration packages for Municipal Managers are as follows:

MUNICIPAL GRADE	MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
4	R1,971,967	R2,019,295	R2,067,758	R2,117,384	R2,168,202

In terms of **Item 7,** the annual total remuneration packages for Managers directly accountable to Municipal Managers are as follows:

MUNICIPAL GRADE	MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
4	R1,483,504	R1,519,108	R1,555,566	R1,592,900	R1,631,130

Item 9 of the Notice addresses the criteria applicable in determining pay progression from one notch to another:

MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
New appointment	1 – 2 yrs in the job	3+ yrs in job	4+ yrs in job	5+yrs in job
	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above

The above criteria is based on the offer of appointment that would have been determined for new incumbents in terms of Item 8, considering various criteria. All the current senior managers have been appointed at the minimum and therefore the pay progression must be implemented as per section 9 of the Notice.

Section 10 of the Notice also makes provision for a cell phone allowance and data not exceeding R2,500.00 per month. All Senior Manager is currently receiving the allowance as per the notice.

Item 15 (2) determines that the notice takes effect from 1 July 2025. This would imply that senior managers would be eligible for "backpay" in respect of the remuneration for those financial years, unless Council applies, as envisaged in Item 14 (1) for any applicable exemption.

FINANCIAL IMPLICATIONS

Financial Implication:

	OFFICIAL	SALARY ADJUSTMENT	BACK PAY 2025/26
1.	Municipal Manager	R1,971,967.00	R113,222,67
2.	Chief Financial Officer	R1,483,504.00	R85,177,33
3.	Director Corporate Services	R1,483,504.00	R85,177,33
4.	Director Infrastructure Services	R1,483,504.00	R85,177,33
5.	Director Planning Services	R1,483,504.00	R85,177,33
6.	Director Community Services	R1,483,504.00	R85,177,33
7.	Director Integrated Human Settlement	R1,483,504.00	R85,177,33

***Provision has been made in the 2026/27 Budget for the salary adjustment and backpay as per the table above.**

RELEVANT LEGISLATION

Municipal Systems Act 32 of 2000, Government Notice on Upper Limits for the Remuneration of Senior Managers; Government Gazette No. 55150 dated 5 August 2026.

APPENDIX / ADDENDUM

ANNEXURE A – Government Notice 55150 dated 5 August 2026.

RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

[a] That the content of the report on the Upper Limits of Total Remuneration packages Payable to Municipal Manager and Managers Directly accountable to Municipal Managers, be noted;

[b] That Council approves of the implementation of the Upper Limits of Total Remuneration packages payable to Municipal Managers and Managers directly accountable to the Municipal Manager in terms of Government Gazette No 55150 for Category 4 Municipal Grading at the minimum package level for; and

[c] That Council approves the payment of backpay from 1 July 2025 to all senior managers.

File Number: 9/1/2/14
Execution: Acting Municipal Manager
Manager: Expenditure
Manager: Human Resources

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DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

NO. 7774 **5 August 2026**

LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT NO. 32 OF 2000)

UPPER LIMITS OF TOTAL REMUNERATION PACKAGES OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

Under the powers vested in me by section 72(2A) of the *Local Government: Municipal Systems Act,* 2000 (Act No. 32 of 2000) read in conjunction with the *Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers*, issued in terms of Government Notice No. 21 as published under *Government Gazette* No. 37245 of 17 January 2014, I, Velenkosini Hlabisa, the Minister for Cooperative Governance and Traditional Affairs, hereby after –

(a) consultation with the bargaining council established for municipalities, Minister of Finance, Minister for Public Service and Administration, MECs responsible for local government, and organised local government; and
(b) taking into consideration the matters as set out in regulation 35 of the Regulations,

determine the upper limits of the total remuneration packages payable to municipal managers and managers directly accountable to municipal managers as set out in the Schedule.

MR VELENKOSINI HLABISA, MP
MINISTER FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
DATE: 04/08/2026

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SCHEDULE

Preamble

Having regard to the upper limits of salaries of senior managers as set out below, the need to prioritise service delivery to communities and to sustain viable local government and the fiscal capacity of different categories of municipalities, this Notice provides a strategic framework for remuneration of senior managers across all municipalities.

The development of this Notice took into consideration the core reward principles aimed at ensuring an appropriate remuneration mix and sought to ensure that the remuneration of senior managers is cost-effective, consistent, internally equitable, externally competitive and aligned to the achievement of the objectives of municipalities while providing a uniform remuneration framework for local government.

The upper limits constitute an integral part of the human resource value chain in building resilient administrative institutions underpinned by the intent to enable municipalities to attract, appoint and retain suitably qualified and competent senior managers necessary for effective performance of their functions.

To strengthen the capacity of municipalities, this Notice reinforces the statutory obligation binding on municipalities to appoint senior managers who meet the minimum prescribed competencies, higher education qualifications, work experience and knowledge as provided for in *Government Gazette* No. 37245.

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Definitions

1. In this Schedule, unless the context indicates otherwise, a word or phrase to which a meaning has been assigned in the *Local Government: Municipal Systems Act,* 2000 (Act No. 32 of 2000) as amended (hereafter referred to as "the Act") and *Government Gazette* No. 37245 has that meaning –

"in-job" means the number of years in-job in the same position in the same municipality;
"job evaluation'' means the systematic process of assessing the job content and ranking jobs according to a consistent set of job characteristics to create a job worth hierarchy that determines and illustrates where each job fits in the municipality relative to other jobs in the municipality;
"immediately" means in this context within a period of six months after lapsing of the employment contract;
"**municipal categorisation**" or "**municipal grade**" means the grade assigned to a municipality in terms of this Notice, and both terms shall be interpreted as having the same meaning. For the avoidance of doubt, these terms do not refer to the grading or evaluation of individual posts of employees;
"notch" means an incremental point within a salary scale for a post, reflecting a predetermined remuneration amount within the same salary level or grade, and forming the basis for pay progression subject to the prescribed criteria;
"NQF" refers to the National Qualifications Framework prescribed by regulations issued in terms of the *South African Qualifications Authority Act,* 1995 (Act No. 58 of 1995);
"pay progression" means the structured movement of a senior manager from one salary notch to a higher salary notch within the same salary level or grade, in accordance with this Notice and subject to the senior manager meeting the prescribed performance and eligibility requirements;
"personal-to-incumbent" means the protection of current contractual terms and conditions applicable to an employee, including benefits, who has accepted a specific remuneration package, where that package may not conform to all aspects of the remuneration policy or any applicable determinations;
"**Regulations**" means the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers issued in terms of Government Notice No. 21 as published under *Government Gazette* No. 37245 of 17 January 2014;
"remote allowance" means a non-pensionable allowance, determined through the remoteness index, payable by a municipality to attract and retain suitably qualified and competent senior managers to a geographically remote area where the approved pay scales are not sufficient to attract such managers;
"salary level or grade" means the level determined for a post in terms of an approved job evaluation system, representing the relative value of that post within the municipality and forming the basis upon which the applicable salary scale or total remuneration package is determined;
"salary scale" means the structured range consisting of a minimum, lower, midpoint, upper, maximum and, where applicable, incremental salary notches, within which a senior manager may be remunerated in accordance with the Notice;
"senior manager" means a senior manager as defined in regulation 1 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers issued in terms of Government Notice No. 21 as published under *Government Gazette* No. 37245 of 17 January 2014;

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"total remuneration package" means the total annual guaranteed pay of a senior manager, including the basic salary, housing, motor vehicle, pension contributions, medical aid contributions but excludes a variable pay;
"total municipal equitable share" means the equitable share of revenue that is provided to a metropolitan, district or local municipality for the 2024/25 financial year in terms of section 227(1) of the Constitution of the Republic of South Africa, 1996, to enable the municipality to provide basic services and perform the functions assigned to it, but excludes the regional services council replacement grant for district municipalities;
"total municipal income" means the gross income in respect of a metropolitan, district or local municipality based on actual income as stated in the audited financial statements of that municipality for the 2024/25 financial year. For the purpose of this meaning –

(a) The gross income for a municipality includes the following -
  (i) rates on property;
  (ii) fees for services rendered by the municipality or on its behalf by a municipal entity;
  (iii) surcharges;
  (iv) other authorised taxes;
  (v) levies and duties;
  (vi) income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
  (vii) regional services council replacement grant for district municipalities;
  (viii) interest earned on invested funds other than national and provincial conditional grants;
  (ix) rental for the use of municipal movable or immovable property; and
  (x) amounts received as agent for other spheres of government.
(b) The gross income excludes -
  (i) transfers and / or grants from the national fiscus and provincial fiscus, with the exception of the regional services council replacement grant for district municipalities; and
  (ii) all value added tax (VAT) refunds.

"total population" means the official statistics of the population residing in the area of jurisdiction of a metropolitan, district or local municipality, as determined by the Statistician-General for the 2022 Census, in terms of section 14(7) of the *Statistics Act,* 1999 (Act No. 6 of 1999); and
"upper limits" means the applicable total remuneration package values as contained in the Notice.

Allocation of number of points for total municipal income

2. The number of points allocated for the total municipal income of a municipality is as follows:

TOTAL MUNICIPAL INCOME		
FROM	**TO**	**NUMBER OF POINTS**
R0	R 16 920 357	1
R16 920 358	R 18 120 533	2
R18 120 534	R 20 423 160	3
R20 423 161	R 21 927 295	4
R21 927 296	R 25 274 864	5
R25 274 865	R 27 237 363	6
R27 237 364	R 29 222 148	7

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TOTAL MUNICIPAL INCOME		
FROM	**TO**	**NUMBER OF POINTS**
R29 222 149	R30 559 676	8
R30 559 677	R34 528 782	9
R34 528 783	R37 554 952	10
R37 554 953	R39 292 152	11
R39 292 153	R44 416 818	12
R44 416 819	R48 789 467	13
R48 789 468	R51 618 480	14
R51 618 481	R55 647 918	15
R55 647 919	R59 584 407	16
R59 584 408	R63 519 795	17
R63 519 796	R68 967 771	18
R68 967 772	R76 523 130	19
R76 523 131	R78 140 984	20
R78 140 985	R81 726 773	21
R81 726 774	R92 983 244	22
R92 983 245	R94 073 993	23
R94 073 994	R103 543 013	24
R103 543 014	R113 919 812	25
R113 919 813	R124 486 557	26
R124 486 558	R131 673 128	27
R131 673 129	R137 067 478	28
R137 067 479	R149 492 063	29
R149 492 064	R162 506 211	30
R162 506 212	R170 115 498	31
R170 115 499	R176 629 221	32
R176 629 222	R191 780 237	33
R191 780 238	R200 088 745	34
R200 088 746	R217 492 792	35
R217 492 793	R223 628 661	36
R223 628 662	R229 764 527	37
R229 764 528	R236 410 670	38
R236 410 671	R248 096 749	39
R248 096 750	R266 710 670	40
R266 710 671	R291 104 813	41
R291 104 814	R330 031 886	42
R330 031 887	R358 738 598	43
R358 738 599	R384 324 940	44
R384 324 941	R423 860 085	45
R423 860 086	R460 728 132	46
R460 728 133	R500 803 019	47
R500 803 020	R544 363 685	48
R544 363 686	R591 713 330	49
R591 713 331	R669 126 504	50
R669 126 505	R826 038 297	51
R826 038 298	R897 888 458	52
R897 888 459	R1 060 322 963	53
R1 060 322 964	R1 151 158 518	54
R1 151 158 519	R1 362 490 321	55
R1 362 490 322	R1 848 071 368	56
R1 848 071 369	R2 966 807 244	57
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Allocation of number of points for total population

3. The number of points allocated for the total population of a municipality is as follows:

TOTAL POPULATION		
FROM	**TO**	**NUMBER OF POINTS**
0	78 269	1
78 270	92 082	2
92 083	103 596	3
103 597	117 593	4
117 594	132 991	5
132 992	145 589	6
145 590	159 587	7
159 588	173 584	8
173 585	188 982	9
188 983	209 977	10
209 978	233 774	11
233 775	261 770	12
261 771	295 363	13
295 364	331 757	14
331 758	382 149	15
382 150	440 939	16
440 940	510 928	17
510 929	593 513	18
593 514	690 097	19
690 098	804 877	20
804 878	937 854	21
937 855	1 093 229	22
1 093 230	1 283 597	23
1 283 598	1 503 361	24
1 503 362	1 787 513	25
1 787 514	2 155 650	26
2 155 651	2 602 176	27
2 602 177	3 127 087	28
3 127 088	4 507 475	29
4 507 476	above	30

Allocation of number of points for total municipal equitable share

4. The number of points allocated for the total municipal equitable share of a municipality is as follows:

TOTAL MUNICIPAL EQUITABLE SHARE		
FROM	**TO**	**NUMBER OF POINTS**
R0	R29 965 058	1
R29 965 059	R45 104 059	2
R45 104 060	R58 962 215	3
R58 962 216	R69 199 555	4
R69 199 556	R84 830 309	5
R84 830 310	R120 032 897	6
R120 032 898	R189 844 297	7
R189 844 298	R417 123 274	8
R417 123 275	R2 710 665 981	9
R2 710 665 982	above	10

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Determination of grade of municipality

5. The total number of points allocated to a municipality in terms of items 2, 3, and 4 respectively, determines the grade of such municipality, in accordance with the following table -

GRADE OF MUNICIPALITY		
GRADE	**FROM**	**TO**
1	1	26
2	27	47
3	48	60
4	61	70
5	71	78
6	79	85
7	86	91
8	92	96
9	97	98
10	99	100

Annual total remuneration packages of municipal managers

6. The upper limits of the annual total remuneration packages for municipal managers are as follows -

GRADE	MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
1	R1 483 544	R1 519 149	R1 555 608	R1 592 943	R1 631 174
2	R1 631 174	R1 670 322	R1 710 409	R1 751 460	R1 793 494
3	R1 793 494	R1 836 538	R1 880 615	R1 925 750	R1 971 967
4	R1 971 967	R2 019 295	R2 067 758	R2 117 384	R2 168 202
5	R2 168 202	R2 220 238	R2 273 524	R2 328 089	R2 383 963
6	R2 383 963	R2 441 177	R2 499 766	R2 559 761	R2 621 194
7	R2 621 194	R2 684 103	R2 748 522	R2 814 486	R2 882 034
8	R2 882 034	R2 951 203	R3 022 031	R3 094 561	R3 168 830
9	R3 168 830	R3 244 882	R3 322 759	R3 402 505	R3 484 166
10	R3 484 166	R3 567 786	R3 653 412	R3 741 094	R3 830 880

Annual total remuneration packages of managers directly accountable to municipal managers

7. The upper limits of the annual total remuneration packages for managers directly accountable to municipal managers are as follows -

GRADE	MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
1	R1 116 064	R1 142 850	R1 170 278	R1 198 365	R1 227 126
2	R1 227 126	R1 256 577	R1 286 735	R1 317 616	R1 349 239
3	R1 349 239	R1 381 621	R1 414 780	R1 448 734	R1 483 504
4	R1 483 504	R1 519 108	R1 555 566	R1 592 900	R1 631 130
5	R1 631 130	R1 670 277	R1 710 363	R1 751 412	R1 793 446
6	R1 793 446	R1 836 488	R1 880 564	R1 925 698	R1 971 915
7	R1 971 915	R2 019 241	R2 067 703	R2 117 328	R2 168 143
8	R2 168 143	R2 220 179	R2 273 463	R2 328 026	R2 383 899
9	R2 383 899	R2 441 113	R2 499 699	R2 559 692	R2 621 124
10	R2 621 124	R2 684 031	R2 748 448	R2 814 411	R2 881 956

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Offer of remuneration on appointment

8. (1) The offer of remuneration on appointment to a senior manager will be determined by the qualifications, experience, knowledge of the candidate considered for appointment and performance track record, where applicable.

(2) A municipal council must apply the criteria as set out below to determine the offer of remuneration on appointment -

TOTAL REMUNERATION PACKAGE	CRITERIA
MINIMUM	• Meets the prescribed minimum qualifications in terms of the Regulations; • Has at least five (5) years' relevant experience as required; and • Has demonstrated exposure to strategic leadership responsibilities at a comparable municipal scale.
LOWER	• Meets the prescribed minimum qualifications; • Has between five (5) and seven (7) years' relevant experience; and • Demonstrates emerging strategic management capability with measurable performance outputs in a similar environment.
MIDPOINT	• Meets the prescribed minimum qualifications; • Has between seven (7) and ten (10) years' relevant experience; • Has demonstrable experience in managing complex institutional programmes, budgets and multidisciplinary teams; and • Has a proven record of achieving performance targets and maintained an effective individual performance at a senior management level.
UPPER	• Meets the prescribed minimum qualifications and possesses additional relevant postgraduate or specialist qualifications at NQF Level 8 or 9; • Has more than ten (10) years' relevant senior management experience; • Has demonstrated sustained institutional performance improvement, governance strengthening, or turnaround capability; • Has a proven record of achieving performance targets and maintained an effective individual performance at a senior management level; and • Has experience operating within highly complex or distressed municipal or institutional environments. The Municipal Council must record written reasons justifying placement at the upper notch.
MAXIMUM	• Meets the prescribed minimum qualifications and possesses additional postgraduate or specialist qualifications NQF Level 9 or 10; • Has senior management experience exceeding ten (10) years at comparable or higher institutional complexity; • Has demonstrated exceptional leadership, institutional reform, financial stabilisation, or service delivery turnaround achievements; • Has a proven record of achieving performance targets and maintained an effective individual performance at a senior management level; and • Provides scarce or critical skills that are demonstrably difficult to recruit within the municipal labour market and record is available to indicate such. The Municipal Council must record written reasons justifying placement at the maximum notch.

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(3) Where a senior manager, immediately following the expiry or termination of a contract, is appointed to the same position in the same municipality, or to an equivalent position in another municipality of the same municipal grade, the senior manager may be appointed at the salary notch applicable at the time of termination or departure, subject to the applicable upper limits, provided that good cause for such salary placement is demonstrated and formally recorded.

(4) For purposes of sub-item (3) above, good cause shall include demonstrated operational necessity, institutional continuity, retention of skills, recruitment constraints or other objectively justifiable reasons recorded by the municipal council.

Pay Progression

9. The following criteria apply in determining pay progression from one notch to another:

MINIMUM	LOWER	MIDPOINT	UPPER	MAXIMUM
New appointment	1-2 yrs in-job	3+ yrs in-job	4+ yrs in-job	5+yrs in-job
	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above	Achieved performance rating of 3 and above

Upper limits of cell phone allowance and data for senior managers

10. A senior manager may, in addition to the annual total remuneration packages provided for in terms of items 6 and 7 respectively, be paid a cell phone allowance and data not exceeding R2 500.00 per month, in accordance with the applicable municipal council policy.

Payment of remote allowance

11. (1) A senior manager may be paid a remote allowance not exceeding the percentage of the total annual remuneration package applicable to the relevant senior manager, as provided in **Annexure A** to this Notice.

(2) A senior manager who receives a market premium allowance, rural or scarce skills allowance in terms of Notice No. 225 as published in *Government Gazette* No. 37500 of 29 March 2014 or Notice No. 578 as published in *Government Gazette* No. 38946 of 1 July 2015 is not eligible for the remote allowance contemplated in sub-item (1).

(3) A remote allowance referred to in sub-item (1) terminates when –
(a) the employment contract of a senior manager lapses or is terminated; or
(b) the senior manager vacates office for any reason before the date of expiry of the employment contract, including but not limited to transfer, promotion, dismissal for misconduct, incapacity, operational requirements and retirement.

Overpayment

12. (1) A municipality must remunerate its senior managers only within the framework of the Act, Regulations and this Notice, setting out the upper limits of the total remuneration packages payable to senior managers.

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(2) Any remuneration paid to a senior manager other than in accordance with sub-item (1) or any benefit, is an irregular expenditure and the municipality must recover that remuneration and benefits from the senior manager concerned.

(3) A municipality that remunerated a senior manager in contravention of the criteria governing the offer of remuneration on appointment, and in the absence of a waiver granted by the Minister or salary creep correction in consultation with the MEC responsible for local government, must correct the total remuneration package and recover any resultant overpayment in accordance with section 32 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and other applicable legislation and legal principles governing the recovery of debts.

Furnishing of information to Minister

13. (1) A municipal council is required in terms of section 107 of the Act, to compile the following information for senior managers as at 1 July 2025 and submit same to the MEC responsible for local government in the province –

(a) Total approved posts;
(b) Total filled posts;
(c) Total vacant posts;
(d) Name of incumbent;
(e) Designation;
(f) Gender;
(g) Nature of contract (either permanent or fixed term contract);
(h) Date of appointment;
(i) Date of expiry of contract;
(j) Total remuneration packages and any allowances that are payable to senior managers and divisional managers (third level managers) for the 2025/26 municipal financial year, including the T-scale levels where applicable;
(k) Municipal grade for the 2025/26 municipal financial year;
(l) Total municipal income;
(m) Total population; and
(n) Total municipal equitable share.

(2) The information contemplated in sub-item (1) must be submitted to the MEC responsible for local government in the province within 60 days from the date of publication of this Notice on an official letterhead of the municipality, signed by the executive mayor or mayor.

(3) The MEC responsible for local government must analyse, verify and submit consolidated information for all municipalities in the province to the Minister within 90 days from the date of publication of this Notice.

Transitional provisions

14. (1) A municipal council may apply in writing to the Minister for exemption, using an application form which corresponds with **Annexure B**, after consultation with the MEC responsible for local government if the municipality cannot afford to implement item 6 and 7 as set out in this Notice. The Minister will consider each application on merit, based on circumstances and motivation provided by the municipalities.

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(2) If the remuneration of a senior manager is higher than the applicable pay scales determined in items 6 and 7, the personal-to-incumbent principle will apply. In such cases, the senior manager shall retain his or her current total remuneration package and benefits; however, the senior manager shall not be eligible for pay progression, and any adjustments to the remuneration package shall be limited to the cost-of-living adjustments determined by the Minister until the applicable salary scale is aligned through the normal determination of upper limits. The cost-of-living adjustment for the 2024/25 financial year is 3%, and for the 2025/26 financial year is 3%.

(3) A senior manager who was remunerated at the midpoint or maximum in terms of the previous Notices, or whose remuneration falls between the notches prescribed in this Notice, must be placed, for purposes of this Notice, at the closest matching notch, being the nearest higher notch. A senior manager who was remunerated at a minimum in terms of the previous Notices shall be placed at the minimum of this Notice.

(4) For a senior manager to qualify for pay progression, he/she must have completed the full cycle of the performance management system for the 2025/26 financial year, have a signed performance agreement, being assessed for the 2025/26 financial year, and complied with all requirements in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

(5) Item 10 does not affect the existing cellphone and data contract of a senior manager entered into before the date of this Notice.

(6) Despite every effort taken to address scale creep, if such an eventuality occurs where there is still a salary creep, the municipal council must in consultation with the MEC responsible for local government correct it by paying the municipal manager four salary levels or grades above the highest paid third level managers, and in the case of a manager directly accountable to a municipal manager two salary levels or grades, above the highest paid third level managers, subject to the following criteria:

CRITERIA	DESCRIPTION
Job Evaluation	The positions of the third-level manager, the manager directly accountable to the municipal manager in that department or directorate, and the municipal manager have been evaluated in accordance with the Municipal Staff Regulations, 2021 and council policy, and the job-evaluation results have been audited and approved in terms of the council's delegations.
MTREF	Determine whether the budget is funded or unfunded and affordability.
Senior Manager's costed remuneration	Assess whether the current remuneration of the senior managers complies with Notice on upper limits of the total remuneration packages payable to municipal managers and managers directly accountable to municipal managers.
Third-level Manager's costed remuneration	Assess the total costed remuneration package of the highest-paid third-level manager(s), including the basic salary, applicable allowances, pension, medical aid contributions and other employment benefits, to determine the extent of the remuneration differential and salary creep between the third-level manager(s) and the relevant senior manager, and to support an informed decision on the appropriate remuneration adjustment.
Remuneration ratio	Assess whether the employee related costs and councillors remuneration expenditure of a municipality is within the prescribed norm of 25% and 40% of the total operating budget with a view to free budget earmarked for service delivery for what it is intended for.

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CRITERIA	DESCRIPTION
Sustainability ratio	Assess whether the municipality has the ability to overcome economic and external shocks by utilising its reserves.
Liquidity - Current Ratio	Assess whether the municipality is able to pay back its short- term liabilities (debt and payables) with its short-term assets (cash, Inventory and receivables).
Collection rate	Assess whether the municipality has the ability to collect revenue owed to it, including the effectiveness of its credit control and revenue management.
Cash / Cost coverage ratio	Assess whether the municipality has the ability to meet its monthly fixed operating commitments from cash and short- term investment.

(7) The MEC responsible for local government in the province must, within 14 days notify the Minister of any determination, approval, or corrective measure made in terms of item 14(6), including the grounds on which such decision was taken and the municipality's historical compliance with previous determinations on upper limits and waiver approvals.

(8) A senior manager to whom a waiver was granted at the midpoint, or maximum must be placed at the closest matching higher notch in terms of this Notice. No waiver shall apply where a person commences a new position in the same municipality.

(9) Where a senior manager has been granted a remuneration waiver resulting in placement one or two notches above the highest-paid third-level managers, the municipal council must, in consultation with the MEC responsible for local government in the province, correct such disparity in accordance with the principle and criteria set out in sub-item 14(6).

(10) If the grade of a municipality is lower than the previous categorisation as determined in terms of this Notice, the municipality shall retain the categorisation prescribed in the previous Notice and a senior manager –

(a) who is appointed as at 30 June 2025, will be remunerated in terms of this Notice as per item 6 and 7 in accordance with the categorisation determined in terms of Government Notice No. 4897 in *Government Gazette* No. 50787 of 14 April 2026: Provided that the data used by the municipality for determination of the grade of a municipality is correct; and

(b) is entitled to the applicable cost-of-living adjustments aligned to the Minister's determination: Provided that the data used by the municipality for determination of the grade of a municipality is correct.

(11) The criteria as contained in Item 9 shall apply with effect from 1 July 2024.

(12) This Notice does not affect the existing employment contract of a senior manager appointed before 1 July 2014.

Short title and commencement

15. (1) This Notice is called the Upper Limits of Total Remuneration Packages of Municipal Managers and Managers Directly Accountable to Municipal Managers.

(2) This Notice takes effect from 1 July 2025 and replaces *Government Gazette* No. 54505, as published on 14 April 2026.

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ANNEXURE A

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	MUNICIPALITY	%
Eastern Cape	DC10	EC102	Blue Crane Route	4%
Eastern Cape	DC10	EC106	Sundays River Valley	4%
Eastern Cape	DC10	EC109	Kou-Kamma	4%
Eastern Cape	DC12	EC129	Raymond Mhlaba	4%
Eastern Cape	DC13	EC131	Inxuba Yethemba	4%
Eastern Cape	DC13	EC135	Intsika Yethu	4%
Eastern Cape	DC13	EC137	Engcobo	4%
Eastern Cape	DC13	EC138	Sakhisizwe	4%
Eastern Cape	DC13	EC139	Enoch Mgijima	4%
Eastern Cape	DC14	EC141	Elundini	4%
Eastern Cape	DC15	EC153	Ingquza Hill	4%
Eastern Cape	DC44	EC443	Winnie Madikizela-Mandela	4%
Eastern Cape	DC15	EC154	Port St Johns	4%
Eastern Cape	DC44	EC442	Umzimvubu	4%
Eastern Cape	DC44	EC444	Ntabankulu	4%
Eastern Cape	DC14	DC14	Joe Gqabi	4%
Eastern Cape	DC44	DC44	Alfred Nzo	4%
Free State	DC16	FS161	Letsemeng	4%
Free State	DC16	FS162	Kopanong	4%
Free State	DC18	DC183	Tswelopele	4%
Free State	DC19	FS191	Setsoto	4%
Free State	DC19	FS196	Mantsopa	4%
Free State	DC20	FS205	Mafube	4%
Free State	DC20	FS204	Metsimaholo	4%
Free State	DC16	DC16	Xhariep	4%
Free State	DC20	DC20	Fezile Dabi	4%
KwaZulu Natal	DC21	KZN214	UMuziwabantu	4%
KwaZulu Natal	DC22	KZN224	Impendle	4%
KwaZulu Natal	DC23	KZN235	Okhahlamba	4%
KwaZulu Natal	DC24	KZN245	Umvoti	4%
KwaZulu Natal	DC24	KZN244	Msinga	4%
KwaZulu Natal	DC26	KZN261	eDumbe	4%
KwaZulu Natal	DC26	KZN262	UPhongolo	4%
KwaZulu Natal	DC26	KZN265	Nongoma	4%
KwaZulu Natal	DC26	KZN266	Ulundi	4%
KwaZulu Natal	DC27	KZN276	Big Five Hlabisa	4%
KwaZulu Natal	DC28	KZN285	Mthonjaneni	4%
KwaZulu Natal	DC28	KZN286	Nkandla	4%
KwaZulu Natal	DC43	KZN433	Greater Kokstad	4%
KwaZulu Natal	DC43	KZN434	Ubuhlebezwe	4%
KwaZulu Natal	DC43	KZN435	Umzimkhulu	4%
KwaZulu Natal	DC26	DC26	Zululand	4%
KwaZulu Natal	DC43	DC43	Harry Gwala	4%
Limpopo	DC33	LIM331	Greater Giyani	4%
Limpopo	DC34	LIM341	Musina	4%
Limpopo	DC35	LIM351	Blouberg	4%
Limpopo	DC35	LIM353	Molemole	4%
Limpopo	DC36	LIM361	Thabazimbi	4%
Limpopo	DC47	LIM473	Makhuduthamaga	4%
Limpopo	DC47	LIM476	Greater Tubatse/Fetakgomo	4%
Mpumalanga	DC30	MP301	Albert Luthuli	4%

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PROVINCE	DISTRICT CODE	MUNICIPAL CODE	MUNICIPALITY	%
Mpumalanga	DC30	MP303	Mkhondo	4%
Mpumalanga	DC30	MP304	Dr Pixley Ka Isaka Seme	4%
Mpumalanga	DC32	MP321	Thaba Chweu	4%
Mpumalanga	DC 32	MP324	Nkomazi	4%
North West	DC37	NW375	Moses Kotane	4%
North West	DC38	NW381	Ratlou	4%
North West	DC38	NW382	Tswaing	4%
North West	DC38	NW385	Ramotshere Moiloa	4%
North West	DC39	NW392	Naledi (NW)	4%
North West	DC39	NW393	Mamusa	4%
North West	DC39	NW394	Greater Taung	4%
North West	DC39	NW396	Lekwa-Teemane	4%
North West	DC40	NW404	Maquassi Hills	4%
North West	DC39	DC39	Dr Ruth Segomotsi Mompati	4%
Northern Cape	DC8	NC084	!Kheis	4%
Northern Cape	DC7	NC078	Siyancuma	4%
Northern Cape	DC7	NC076	Thembelihle	4%
Northern Cape	DC9	NC093	Magareng	4%
Northern Cape	DC9	NC094	Phokwane	4%
Western Cape	DC1	WC013	Bergrivier	4%
Western Cape	DC1	WC015	Swartland	4%
Western Cape	DC3	WC032	Overstrand	4%
Western Cape	DC3	WC034	Swellendam	4%
Western Cape	DC3	WC031	Theewaterskloof	4%
Western Cape	DC4	WC042	Hessequa	4%
Western Cape	DC4	WC041	Kannaland	4%
Western Cape	DC5	WC051	Laingsburg	4%
Western Cape	DC5	WC052	Prince Albert	4%
Western Cape	DC1	DC1	West Coast	4%
Eastern Cape	DC10	EC101	Dr Bayers Naude	7%
Eastern Cape	DC14	EC142	Senqu	7%
Eastern Cape	DC14	EC145	Walter Sisulu	7%
Eastern Cape	DC44	EC441	Matatiele	7%
Free State	DC16	FS163	Mohokare	7%
KwaZulu Natal	DC27	KZN272	Jozini	7%
KwaZulu-Natal	DC27	DC27	Umkhanyakude	7%
KwaZulu-Natal	DC43	KZN436	Dr Nkosazana Dlamini Zuma	7%
Limpopo	DC36	LIM362	Lephalale	7%
Northern Cape	DC6	NC067	Khai-Ma	7%
Northern Cape	DC7	NC072	Umsobomvu	7%
Northern Cape	DC7	NC075	Renosterberg	7%
Northern Cape	DC8	NC085	Tsantsabane	7%
Northern Cape	DC8	NCO86	Kgatelopele	7%
Northern Cape	DC45	NC453	Gamagara	7%
Northern Cape	DC45	NC452	Ga-Segonyana	7%
Northern Cape	DC45	DC45	John Taolo Gaetsewe	7%
Western Cape	DC1	WC012	Cederberg	7%
Western Cape	DC3	WC033	Cape Agulhas	7%
Western Cape	DC5	WC053	Beaufort West	7%
Western Cape	DC3	DC3	Overberg	7%
Western Cape	DC5	DC5	Central Karoo	7%
KwaZulu Natal	DC27	KZN271	Umhlabuyalingana	10%
North West	DC39	NW397	Kagisano/Molopo	10%

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PROVINCE	DISTRICT CODE	MUNICIPAL CODE	MUNICIPALITY	%
Northern Cape	DC6	DC6	Namakwa	10%
Northern Cape	DC6	NC061	Richtersveld	10%
Northern Cape	DC6	NC062	Nama Khoi	10%
Northern Cape	DC6	NC064	Kamiesberg	10%
Northern Cape	DC6	NC065	Hantam	10%
Northern Cape	DC6	NC066	Karoo Hoogland	10%
Northern Cape	DC7	DC7	Pixley Ka Seme	10%
Northern Cape	DC7	NC073	Emthanjeni	10%
Northern Cape	DC7	NC071	Ubuntu	10%
Northern Cape	DC7	NC074	Kareeberg	10%
Northern Cape	DC7	NC077	Siyathemba	10%
Northern Cape	DC45	NC451	Joe Morolong	10%
Western Cape	DC1	WC011	Matzikama	10%

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ANNEXURE B

APPLICATION FOR EXEMPTION FROM THE NOTICE ON UPPER LIMITS OF TOTAL REMUNERATION PACKAGES OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

This form must be completed by a municipality applying to the Minister for exemption from the implementation of the Notice on Upper Limits of Total Remuneration Packages of Municipal Managers and Managers Directly Accountable to Municipal Managers. The application must be approved by the Municipal Council and submitted by the Mayor or Executive Mayor.

PART A: SUBMISSION CHECKLIST

- ☐ Council Resolution approving the exemption application
- ☐ Municipal Budget and MTREF showing affordability constraints
- ☐ Latest Audited Annual Financial Statements
- ☐ Organisational Structure indicating senior management posts
- ☐ Current remuneration packages of affected senior managers
- ☐ Motivation report explaining financial constraints
- ☐ Any other relevant supporting documentation

PART B: MUNICIPALITY DETAILS

Name of Municipality	
Municipal Code	
Province	
District Municipality (if applicable)	
Physical Address	
Postal Address	
Telephone	
Email Address	

PART C: AUTHORISED APPLICANT (ON BEHALF OF COUNCIL)

Name	
Designation (Mayor / Executive Mayor)	
Contact Number	
Email Address	

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PART D: DETAILS OF THE EXEMPTION REQUEST

Positions for which exemption is sought:

Position	Number of Posts	Current Remuneration	Proposed Remuneration
Municipal Manager			
Manager directly accountable to Municipal Manager			

Provision(s) of the Notice for which exemption is sought:

- ☐ Upper limit of remuneration package
- ☐ Pay progression requirement
- ☐ Placement within salary notch framework
- ☐ Other (specify)

Relevant clause(s) of the Notice: _____

PART E: MUNICIPALITY CLASSIFICATION

Provide the following information used to determine the municipal grade:

Indicator	Value	Source
Total Municipal Income		
Total Population		
Municipal Equitable Share		
Total Points		
Municipal Grade		

PART F: REASONS FOR REQUESTING EXEMPTION

Explain why the municipality cannot implement the Notice:

- ☐ Financial constraints / affordability
- ☐ Unfunded budget
- ☐ Service delivery impact
- ☐ Other (specify)

Detailed motivation:

_____
_____
_____

PART G: PERIOD OF EXEMPTION REQUESTED

- ☐ One financial year
- ☐ Two financial years
- ☐ Other (specify)

Proposed start date: _____

Proposed end date: _____

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PART H: FINANCIAL INFORMATION
Provide summary financial indicators:

Indicator	Value
Total Operating Budget	
Employee Related Costs	
Cash Coverage Ratio	
Liquidity Ratio	
Collection Rate	
Whether Budget is Funded/Unfunded	

Attach supporting documentation where applicable.

PART I: DECLARATION

I hereby certify that:

- The information provided in this application is true and correct.
- The Municipal Council has approved the submission of this application.
- All supporting documentation has been attached.

Name: _____

Designation: _____

Signature: _____

Date: _____

PART J: MUNICIPAL COUNCIL CONFIRMATION

Council Resolution Number: _____

Date of Council Resolution: _____

Certified by:
Municipal Manager/Delegated Authority: _____

Signature: _____

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Annexure A: Summary of Changes to the Revised Upper Limits Notice

Subject	Previous Notice	Current Notice	Practical Effect
Salary Scales.	Existing salary scales.	Salary scales increased.	Salary scales increased by **4.5%.**
Categorisation.	Based on 2023/24 financial data.	Based on 2024/25 financial data.	Income & equitable-share thresholds increased by **4.5%.** Population threshold unchanged.
Qualifications required at Appointment.	Municipalities only had to consider whether a candidate had an additional postgraduate or specialist qualification.	Qualification requirements specify NQF Levels 8 to 10.	**NQF Level 8** includes honours degrees and postgraduate diplomas, **NQF Level 9** includes master's degrees, and **NQF Level 10** includes doctoral degrees.
Personal-to-Incumbent Principle.	Senior managers above the salary scale retained their remuneration, but all future salary increases were withheld until the salary scale caught up.	Senior managers above the salary scale retain entitlement to salary increases but may not progress through the salary levels until salary scale catches up. Also specifies a lower cost of living increase of 3%.	Senior managers on the personal-to-incumbent principle receive only 3% cost-of-living increase while the salary scales increase by 4.5%. To allow the salary scales to catch up more quickly.
Placement of Existing Salaries on the New Salary Scale.	Existing salaries were placed on the new salary scale using general placement rules.	More detailed rules for placing existing salaries on the new salary scale.	Separate rules where existing salaries must be placed at the minimum, lower, midpoint, upper and maximum levels. Salaries falling between two salary levels must be placed on the next higher salary level.
Salary Creep.	Required salary creep corrections to be made at the minimum notch.	Requires correction by paying four salary levels (or two salary levels) above relevant highest paid third-level manager without specifying the minimum notch.	No longer prescribes specific notch at which salary creep correction must be implemented. May allow municipalities to use a higher notch.

Subject	Previous Notice	Current Notice	Practical Effect
Salary Creep Assessment Criteria.	Prescribed eight criteria to be considered before correcting salary creep.	Introduces an additional assessment criterion.	Must now also consider the remuneration of the highest-paid third-level manager before correcting salary creep. **[Note:** Third level managers report to Section 57 senior managers.**]**
MEC Notification of Salary Creep Determinations.	MEC had to notify the Minister of any salary creep determination without delay.	MEC must notify the Minister of any salary creep determination within 14 days.	Introduces a specific 14-day deadline for notifying the Minister of salary creep determinations.
Placement of Existing Waiver Beneficiaries. **[Note:** These are Senior managers who previously received Minister's approval to be paid above the normal upper limits.**]**	Where a senior manager had a waiver and was already on the midpoint or maximum - to be placed on closest matching notch. **[Note:** If a senior manager's remuneration fell between two notches, there could be an argument about which notch was the "closest."**]**	Placement at closest matching higher notch.	Clarifies that waiver beneficiaries must now be placed on the higher matching notch where their remuneration falls between two notches.
Recovery of Overpayments.	Overpayments did not have to be recovered where the Minister had granted a waiver.	Overpayments don't have to be recovered where there is either a Ministerial waiver or an approved salary creep correction.	Recognises approved salary creep corrections as additional exception to the recovery of overpayments.
Employment contracts concluded before 1 July 2014.	No equivalent provision.	Existing employment contracts concluded before 1 July 2014 are not affected by this notice	When the Upper Limits system was first introduced on 1 July 2014, it did not replace existing employment contracts of senior managers already appointed. Confirms that such contracts are not affected.

6.14

SC14/10/26 REPORT ON DISPUTED PROPERTIES WITH GARDEN ROUTE DISTRICT MUNICIPALITY

REPORT FROM THE ACTING DIRECTOR: CORPORATE SERVICES

PURPOSE OF THE REPORT

To report to the Municipal Council on the progress regarding the disputed properties between Knysna Municipality and the Garden Route District Municipality.

BACKGROUND/ DETAILS OF APPLICATION

There are various properties situated within the Knysna Municipal area that are registered in the name of divisional Councils that preceded the current constitutional dispensation. There is a long-standing dispute between Knysna Municipality and the Garden Route District Municipality (GRDM) regarding these properties.

The following resolution was adopted by the Council at a meeting held on 5 August 2013:

*"**CM07/07/13** **REPORT ON THE LAND DISPUTE BETWEEN KNYSNA MUNICIPALITY AND EDEN DISTRICT MUNICIPALITY***

RESOLVED

[a] That the report on the status quo regarding the land dispute between the Knysna Municipality and Eden District Council on :

[i] Portions 1, 2 and 3 of farm Walkers Point,
[ii] Erven 20, 21 and 22 Belvidere and
[iii] application from Knysna Municipality to obtain the District Council Property on erf 2790, George Rex Drive Knysna that served before the Mayoral Committee of 18 July 2013, be noted;

[b] That the Municipal Manager be directed to proceed with the negotiations with the intended outcome of the transfer of Portions 1, 2 and 3 of the farm Walkers Point to the Knysna Municipality;

[c] That the Municipal Manager be requested to submit a further report to a Mayoral Committee Meeting as soon as possible regarding Erf 2790, Knysna;

[d] That the Municipal Manager be directed to proceed with the negotiations with the intended outcome of the transfer erven 20, 21 and 22 in Belvidere to the Knysna Municipality;

[e] That the Municipal Manager be directed to report on the status quo of Portion 1 and 2 of the farm 185 (Swartvlei Caravan Park) and all other properties within our area of jurisdiction, excluding those mentioned in [a] above, registered in the name of Eden District Municipality;

[f] That the Municipal Manager be directed to declare a formal dispute with Eden District Municipality in terms of the Intergovernmental Relations Framework Act,2005 should the matters mentioned in [b], [c] and [d] mentioned above not be satisfactory resolved in favour of Knysna Local Municipality within 14 days of the Council resolution.

File Number: 12/1/2/1
Execution: Director: Corporate Services
Manager: Administration"

On 06 August 2020 the Municipal Council *inter alia* resolved the following:

"***C09/08/2020*** ***REPORT ON DISPUTED PROPERTIES WITH THE GARDEN ROUTE DISTRICT MUNICIPALITY***

UNANIMOUSLY RESOLVED

[a] That the content of the report with regard to the disputed properties with the Garden Route District Municipality, be noted;

[b] That the Acting Municipal Manager be instructed to address correspondence to the Garden Route District Municipality to request the transfer of the following properties to the Knysna Municipality:

1. *Portions 2 & 3 of the Farm Walker`s point*
2. *Erf 2790, Knysna*
3. *Erf 20, 21, 22 Belvidere*
4. *Portion 22 of the farm Westford*
5. *Portion 0, 1 and 2 of the farm 185 George;*

[c] That should the Garden Route District Municipality fail to respond to the Correspondence and/ exceed to the request referred to in (b) above, within 21 days of receipt thereof, the Acting Municipal Manager be authorized to serve a formal IGR Notice in terms of Section 41 of the Intergovernmental Relations Framework Act 13 of 2005;

[d] That should the IGR Notice in terms of Section 41 of the Intergovernmental Relations Framework Act 13 of 2005 referred to in (c) above, be served on the Garden Route District Municipality, the Acting Municipal Manager disclose the assets in (b), as contingent liabilities in the Annual Financial Statements;

[d] That a progress report on the execution of the resolution in [b] and [c] above, be submitted to the next Ordinary Council meeting.

The Deputy Executive Mayor requested that his gratitude towards the submission of the item by the Acting Municipal Manager, to the Ordinary Council Meeting held on 6 August 2020, be recorded.

File Number:
Execution: Acting Municipal Manager
Chief Financial Officer

Director: Corporate Services
Manager: Legal Services and Properties"

On 31 March 2021 the Municipal Council *inter alia* resolved the following:

"***C02/03/21*** ***REPORT ON DISPUTED PROPERTIES WITH THE GARDEN ROUTE DISTRICT MUNICIPALITY***

UNANIMOUSLY RESOLVED

[a] That the content of the report be noted;

[b] That the Acting Municipal Manager submit a further report on the progress of the IGR dispute to the next Council meeting.

File Number: 9/1/2/14
Execution: Acting Municipal Manager
Acting Chief Financial Officer
Manager: Legal Services and Properties"

On 29 July 2021 the Municipal Council *inter alia* resolved the following:

"***C03/07/21*** ***REPORT ON DISPUTED PROPERTIES WITH THE GARDEN ROUTE DISTRICT MUNICIPALITY***

UNANIMOUSLY RESOLVED

[a] That the content of the report be noted;

[b] That Council resolves that the properties in question are still regarded as contingent assets;

[c] That a report on the outcome of the engagements with the Garden Route District Municipality, be submitted to an Ordinary Council meeting once the engagements have been finalised.

File Number:
Execution: Acting Municipal Manager
Chief Financial Officer
Manager: Legal Services and Properties"

On 7 August 2025 the Municipal Council *inter alia* resolved the following:

"***F&G14/07/21*** ***REPORT ON DISPUTED PROPERTIES WITH THE GARDEN ROUTE DISTRICT MUNICIPALITY***

UNANIMOUSLY RESOLVED

[a] That the contents of the report pertaining to the dispute pertaining to the registration of ownership of the properties be noted;

[b] That the administration solicit further assistance from the Western Cape Provincial Government with the facilitation of the dispute;

[c] That the administration reports back to the following meeting regarding the progress of the dispute;

[d] That Council confirms that Knysna Municipality is not indebted to the Garden Route District Municipality for free office rental; and;

[e] That any agreement for the utilisation of Municipal premises for office accommodation by the Garden Route District Municipality be tabled to Knysna Council for consideration;

[e] That if any negotiations with the Garden Route District Municipality are conducted the following Councillors and officials, be included:

- Executive Mayor
- Chairperson of Finance and Governance Committee
- Municipal Manager
- Director: Corporate Services
- Chief Financial Officer
- Acting Manager: Legal Services
- Cllrs S Campbell, N Louw and S Sabbagh.

File Number: 9/1/2/9
Execution: Director: Corporate Services
Acting Manager: Legal Services and Properties"

On 22 October 2025, a delegation from the GRDM met with the designated councilors and officials of Knysna Municipality to negotiate the ownership of the disputed properties. The delegation agreed on all aspects, except for the office accommodation for the GRDM Environmental Health Department. On 3 November 2025, the Garden Route District Municipality submitted a letter setting out its proposal **(see Annexure A)**.

The Garden Route District Municipality's proposal includes the following:

1) **Portion 1 of the farm 185 George (Swartvlei Caravan Park)**

   This property is to remain the property of the Garden Route District Municipality and will not be transferred to Knysna Municipality.

2) **Portions 1 & 3 Walker`s point and Erf 228, Buffalo Bay (Buffelskop Caravan Park)**

   a) The Remainder of Portion 1 of Walker's Point is to be transferred to Knysna Municipality (caravan park area);

   b) The Remainder of Portion 2 of Walker's Point is to be transferred to Knysna Municipality;

   c) Portion 3 of Walker's Point is to be subdivided. The section of the property accommodating the water treatment works is to be transferred to Knysna Municipality, while the remaining portion is to remain under GRDM ownership and be transferred to CapeNature or SANParks at a later stage.

3) **Erf 2790, Knysna**

a) The property is to be subdivided, with the portions comprising the golf course (driving range) and the Electro-Technical Services offices being transferred to Knysna Municipality; and

b) The portion containing the Roads Depot Building is to be transferred to GRDM.

4) **Erven 20, 21 & 22, Belvedere**

a) The properties are to be transferred to Knysna Municipality.

Further to the above proposals, GRDM also included the following conditions:

[a] Knysna Municipality shall be responsible for all costs related to the transfer, subdivision, and registration of the properties concerned;

[b] Knysna Municipality shall immediately provide permanent office accommodation for GRDM in exchange for the transfer of the Electro-Technical Services offices to Knysna Municipality;

[c] The permanent office accommodation must be in a habitable condition and comply with all applicable legislation;

[d] The transfer agreement shall be concluded once permanent office accommodation, which is in a habitable condition and complies with all applicable legislation, has been provided; and

[e] Both Councils shall approve the outcome of the joint meeting as set out above.

A draft response was prepared for submission to GRDM, as not all of the matters contained in the letter had been resolved at the meeting held on 22 October 2025, as suggested by GRDM. The Corporate Services Directorate accordingly drafted a response **(see Annexure B)**.

However, the Municipal Manager did not sign the letter.

Core to the amical resolution of the dispute is the situation regarding office accommodation for GRDM's Environmental Health Practitioners. Knysna Municipality is currently leasing office space on behalf of GRDM for its Environmental Health Practitioners in exchange for the Municipality's use of the offices forming part of the dispute on Erf 2790, Knysna, for the Electro-Technical Services Department. A one-year lease agreement was concluded through a deviation process and is due to expire on 28 February 2027 **(see Annexure C)**. The administration advises that the Municipal Council condones the current lease entered into for office accommodation for GRDM Environmental Health Office staff Practitioners, and authorises future accommodation leases until such time that the Knysna Municipality can reach an alternative agreement on permanent office accommodation for GRDM;

CURRENT ZONING

1. **Portion 1 of the farm 185**

Is currently zoned as ‘Agricultural Zone I’ in terms of the Knysna Municipality zoning scheme by-law (2020).

2. **Portion 1 of the farm 215**

   Is currently zoned as 'Agricultural Zone I' in terms of the Knysna Municipality zoning scheme by-law (2020).

3. **Portion 3 of the farm 215**

   Is currently zoned as 'Agricultural Zone I' in terms of the Knysna Municipality zoning scheme by-law (2020).

4. **Erf 228, Buffalo Bay**

   Is currently zoned as 'Resort Zone' in terms of the Knysna Municipality zoning scheme by-law (2020).

5. **Erf 2790, Knysna**

   Is currently zoned as 'Resort Zone' in terms of the Knysna Municipality zoning scheme by-law (2020).

6. **Erven 20, 21 & 22, Belvedere**

   Is all currently zoned as 'Single Residential Zone I' in terms of the Knysna Municipality zoning scheme by-law (2020).

CURRENT USAGE OF PROPERTY

1. **Portion 1 of the farm 185**

   This property is used by GRDM as a caravan park (Swartvlei Caravan Park).

2. **Portion 1 of the farm 215**

   a) A portion is used by Knysna Municipality for the provision of municipal services; and
   b) A portion is used as a hiking Trail (CapeNature).

3. **Portion 3 of the farm 215**

   a) A portion is used by Knysna Municipality as a caravan Park (Buffelskop Caravan Park;
   b) A portion is used as a hiking Trail (CapeNature); and
   c) A portion is used by Knysna Municipality for the provision of municipal services.

4. **Erf 228, Buffalo Bay**

   a) A portion is used by Knysna Municipality as a caravan park (Buffelskop Caravan Park);
   b) A portion is used for residential accommodation by employees of Knysna Municipality and the Buffalo Bay Caravan Park;
   c) A portion is used as a road;
   d) A portion is used by Knysna Municipality as ablution facilities; and
   e) A portion is leased by Knysna Municipality for use as a temporary restaurant.

5. **Erf 2790, Knysna**

   a) A portion is used by Knysna Municipality for its Electro-Technical Services offices;
   b) A portion is used by GRDM as a Roads Depot; and
   c) A portion is used jointly by Knysna Municipality and GRDM as a driving range.

6. **Erven 20, 21 & 22, Belvedere**
   All three properties are currently vacant.

See attached GIS Maps of all the properties **(see Annexure D)**.

CURRENT VALUE OF THE PROPERTY AS PER GENERAL VALUATION ROLL

1. **Portion 1 of the farm 185**

The subject property is currently valued at R 4 150 000on the General Valuation Roll of 2023 – 2028.

2. **Portion 1 of the farm 215**

The subject property is currently valued at R 600 000 on the General Valuation Roll of 2023 – 2028.

3. **Portion 3 of the farm 215**

The subject property is currently valued at R 1 074 000 on the General Valuation Roll of 2023 – 2028.

4. **Erf 228, Buffalo Bay**

The subject property is currently not valued on the General Valuation Roll of 2023 – 2028.

5. **Erf 2790, Knysna**

The subject property is currently valued at R 2 207 000 on the General Valuation Roll of 2023 – 2028.

6. **Erven 20, 21 & 22, Belvedere**

All these subject properties are currently valued at R 914 000 each on the General Valuation Roll of 2023 – 2028.

INTENDED FUTURE USAGE OF PROPERTY

1. **Portion 1 of the farm 185**

Knysna Municipality is not currently using this property and does not foresee any intended future use for this property.

2. **Portion 1 of the farm 215**

The current use to remain in place with possible future expansion on the municipal

services.

3. Portion 3 of the farm 215

The current use to remain in place with possible future expansion on the municipal services.

4. Erf 228, Buffalo Bay

The current use to remain in place.

5. Erf 2790, Knysna

The current use to remain in place.

6. Erven 20, 21 & 22, Belvedere

To remain vacant.

The Administration's proposed property allocation is reflected in **Annexure E**. The colour coding is as follows:

Yellow: Properties to remain vested in the name of the Garden Route District Municipality (GRDM);
Red: Properties to be transferred into the name of Knysna Municipality; and
Green: Properties to be transferred to CapeNature.

LEGISLATIVE FRAMEWORK

- Constitution of the Republic of South Africa, 1996
- Intergovernmental Relations Framework Act 13 of 2005
- Local Government: Municipal Structures Act 117 of 1998
- Local Government: Municipal Systems Act 32 of 2000
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).
- The Knysna Municipality Supply Chain Management Policy.
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003): Municipal Asset Transfer Regulations.
- Western Cape Land Administration Act, No. 6 of 1998.

PUBLIC PARTICIPATION PROCESS

To be determined.

FINANCIAL IMPLICATIONS

All costs associated with the subdivision, transfer, and registration of properties that are to be transferred to and utilised by Knysna Municipality will be for the account of the Municipality.

The provision of office accommodation for the Garden Route District Municipality's Environmental Health Practitioners currently amounts to R16,975.95 per month, excluding VAT.

RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

[a] That the report to the Municipal Council on the progress regarding the disputed properties between Knysna Municipality and the Garden Route District Municipality (GRDM), be noted;

[b] That the Municipal Council condones, approves and authorises the leasing of office accommodation for the current compliment of GRDM Environmental Health Office staff, until such time that the Knysna Municipality can reach an alternative agreement on permanent office accommodation for GRDM;

[c] That the Garden Route District Municipality be responsible for providing office accommodation for its Environmental Health Practitioners;

[d] That the Municipal Council agree on the following proposals for submission to GRDM;

i. That the portion 1 of the farm 185 George (Swartvlei Caravan Park) on which the caravan and camping facility at Swartveli River mouth is situated, be subdivided and transferred into the name of the Garden Route District Municipality, subject to a title deed condition that it be utilised for a purpose that allows the general public access thereto and the remainder being transferred to South African National Parks (SANPARKS).

ii. That the portion of Portion 1 of Farm 215, Buffalo Bay, on which Knysna Municipality's infrastructure and services are situated, be subdivided and transferred into the name of Knysna Municipality, subject to the remainder being transferred to CapeNature at the cost of Knysna Municipality;

iii. That the portion of Portion 3 of Farm 215, Buffalo Bay, on which Knysna Municipality's infrastructure and services, as well as the Buffelskop Caravan Park, are situated, be subdivided and transferred into the name of Knysna Municipality, subject to the remainder being transferred to CapeNature at the cost of Knysna Municipality;

iv. That the portion of Erf 228, Buffalo Bay, on which the Buffelskop Caravan Park and public ablution facilities are situated, be subdivided and transferred into the name of Knysna Municipality, subject to a title deed condition that the portion being utilised as a caravan park and camping site be accessible to the general public and that only the portion comprising the Old Backpackers building and parking area be retained by GRDM;

v. That Erf 2790, Knysna, be transferred into the name of Knysna Municipality, subject to the subdivision of the portion currently being used for the GRDM's Roads Depot being subdivided and registered in the name of the GRDM, and subject to a title deed condition that the portion being utilised as a driving range be accessible to the general public for sport and recreational purposes at the cost of Knysna Municipality; and

vi. That Erven 20, 21 and 22, Belvedere, be transferred into the name of Knysna Municipality at the cost of Knysna Municipality;

[e] That the Acting Municipal Manager be mandated to engage with the Accounting Officer of the Garden Route District Municipality for the implementation of the aforementioned resolutions.

APPENDIX / ADDENDUM

Annexure A – GRDM Proposed Transfers
Annexure B – Draft Letter not signed by Municipal Manager
Annexure C – Lease Agreement between KM & Deon & Carina Boshoff for GRDM
Annexure D – Current GIS Maps
Annexure E – Proposed GIS Maps

File Number: 12/1/2/1
Execution: Acting Municipal Manager
Acting Director: Corporate Services
Acting Manager: Legal Services

ANNEXURE A

Jou roete na vooruitgang • Indlela yakho eya empumelelweni • Your route to prosperity

54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

044 803 1300
info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: *D Mashila*
Reference: *18/1/1/3*
Date: *03 November 2025*

Attention: Dr Lulamile Mapholoba
Municipal Manager
Knysna Municipality
5 Clyde Street
Knysna
6570

Email: mm@knysna.gov.za

PROPOSED TRANSFER(S) FROM GARDEN ROUTE DISTRICT MUNICIPALITY TO KNYSNA MUNICIPALITY (DISPUTED PROPERTIES)

Sir

I wish to formally inform your office of a resolution adopted by the Garden Route District Municipality during its meeting held on the 29th of October 2025 under item G.1.

1. *That Council notes the contents of this report and the progress made regarding the ongoing property discussions between the Garden Route District Municipality (GRDM) and the Knysna Municipality.*

2. *That Council takes note that the following properties as resolved during the joint meeting held on 22 October 2025 between GRDM and Knysna municipality, will remain with Garden Route District Municipality*

    i. *Farm 185, Portion 1 (Swartvlei Caravan Park) remains the property of the Garden Route District Municipality and will not be transferred to the Knysna Municipality.*

3. *That Council takes note that the following properties will be subdivided other portions remaining with Garden Route District Municipality and other portions with Knysna Municipality as resolved during the joint meeting held on 22 October 2025*

i. *Remainder of Portion 3 of Farm Walkers Point No. 215, Division Knysna that Portion 3: to be subdivided. The section of the property accommodating the water treatment works will be transferred to the Knysna Municipality, while the remaining portion will remain under GRDM ownership and must be transferred to CapeNature / SANPARKS at a later stage.*

ii. *Erf 2790, Knysna (George Rex Drive) be subdivided with the portions comprising the golf course and the Electro-Technical Services offices will be transferred to the Knysna Municipality.*

iii. *Erf 2790, Knysna (George Rex Drive) be subdivided with the Garden Route District Municipality (GRDM) retaining ownership of the Roads Depot Building situated on the property.*

4. *That Council grants approval for the transfer of the following properties, as resolved during the joint meeting held on 22 October 2025, to the Knysna Municipality.*

i. *Erven 20, 21 and 22, Belvidere, be transferred to the Knysna Municipality.*

ii. *Remainder of Portions 1, 2 of Farm Walkers Point No. 215, Division Knysna*

a) *Portion 1: To be transferred to the Knysna Municipality as it forms part of the caravan park area Portion 1.*
b) *Portion 2: To remain the property of the Garden Route District Municipality (GRDM) and not be transferred to the Knysna Municipality.*

5. *That the Knysna Municipality be responsible for all costs related to the transfer, subdivision, and registration of the properties concerned.*

6. *That Council notes that the joint meeting held on 22 October 2025 resolved that Knysna Municipality must immediately provide permanent office accommodation for Garden Route District Municipality's Environmental Health Practitioners in exchange for the transfer to the Knysna municipality of the Electro-Technical Services offices.*

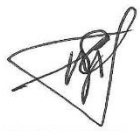
7. *That a permanent office space be provided by Knysna Municipality to the Garden Route District Municipality which must be in a habitable state and which complies with all applicable legislation which includes but not limited to Occupational Health and Safety and National Building Regulations and Building Standards Act.*

8. *That the Transfer Agreement be concluded by the parties once effect is given to resolution no. 7.*

9. *That the Council of Garden Route District Municipality and Knysna Municipality respectively approve the outcome of the joint meeting between GRDM and Knysna municipality held on 22 October 2025 as stated in recommendations 1 to 7 above.*

This resolution is communicated for your information and the necessary implementation where applicable. Kindly acknowledge receipt of this correspondence and advise on any further actions or clarifications required.

Yours faithfully,



MG STRATU
MUNICIPAL MANAGER
DATE:

ANNEXURE B

Collab. Ref.:
File Ref.:
Your Ref.: 18/1/1/3

2025-11-26

Mr MG Stratu
Municipal Manager
Garden Route District Municipality
54 York Street
George
6529

Via email: andisiwe@edendm.gov.za
dzivhuluwani@edendm.co.za

Dear Sir,

PROPOSED TRANSFER(S) FROM GARDEN ROUTE DISTRICT MUNICIPALITY TO KNYSNA MUNICIPALITY (DISPUTED PROPERTIES)

The above-mentioned matter and your correspondence dated 3 November 2025 refer.

We hereby reply pertaining to the resolution adopted by your Council, as communicated in your letter, with reference also to your proposals in the meeting held on 22 October 2025.

Herewith, our specific responses regarding each property:

1. Farm 185, Portion 1 (Swartvlei Caravan Park)

   During meeting, we were informed by yourselves that discussions were underway with SANParks regarding the transfer of this property to the latter, hence your proposal that the property be retained. We note that this does not form part of the written proposal dated 3 November 2025. We accordingly request that this commitment be included in your Council resolution.

2. Buffalo Bay properties:

   Portion 1 of Farm 215:

   Your proposal is to transfer the remainder of Portion 1, of Farm 215 (Walker's Point) to Knysna Municipality, to which we agree, subject to the Knysna Municipal Council's approval. Kindly refer to enclosed map marked *Portion 1 of Farm 215*.

Portion 3 of Farm 215 (Buffelskop Caravan Park):

Your proposal is that Portion 3 of Farm 215 be subdivided and that the portion on which the Knysna Water Treatment Works are situated be transferred to the Knysna Municipality. The Remainder of Portion 3 of the Farm 215, to remain under your ownership, to be donated to CapeNature. Kindly refer to enclosed map marked *Portion 3 of Farm 215*.

We agree with above proposal, subject to the Knysna Municipal Council's approval.

Portion of Erf 228 (Old Backpackers):

Your proposal is that Portion of Erf 228 be subdivided and that the portion on which the old backpackers and the parking area are situated remain under your ownership and that the remainder portion be transferred into the name of the Knysna Municipality. We agree with this proposal, subject to the Knysna Municipal Council's approval. Kindly refer to enclosed map marked *Erf 228.*

3. Erf 2790, Knysna:

   We confirm your proposal that this property as a whole, will be transferred into the name of the Knysna Municipality with a title deed restriction that a portion must be used as a driving range. We agree with this proposal, subject to the Knysna Municipal Council's approval

4. Erven 20, 21 & 22 Belvidere:

   We confirm your proposal that erven 20, 21 and 22 Belvidere be transferred into the name of the Knysna Municipality We agree with this proposal, subject to the Knysna Municipal Council's approval.

In addition to above, we wish to advise draw your attention to the following which were not discussed:

- The costs associated with aforementioned subdivisions, transfers and registrations were held:

  ~~It is our view that,~~ Knysna Municipality will bear the costs related to the subdivision of and any other relevant land use approvals, related to the portions intended for us, in respect of portions that require subdivision, pending transfer. It is our further view that each municipality is, thereafter, responsible for the registration or transfer of relevant portions in their own respective names.

- Permanent office accommodation for your Environmental Health Practitioners:

  We wish to state that we did not agree to permanent office space as ostensibly resolved by your Council. The Knysna Municipality indicated that Queen's Warehouse could be made available on a temporary basis until the dispute is resolved.

Your Mr James Mc Carthy visited the premises on 23 October 2025 and to date, we have not received any further communication pertaining to the use of the premises.

The requirement that the aforementioned settlement transactions can only be affected will require further discussion and we invite you to a further meeting for this purpose and to table a revised detailed item with our changes to your Council.

We trust that you find above in order and await your feedback herein.

Kind regards,

DR LULAMILE MAPHOLOBA
MUNICIPAL MANAGER

ANNEXURE C

AGREEMENT OF LEASE

MEMORANDUM OF AGREEMENT OF LEASE
made and entered into by and between:

DEON AND CARINA BOSHOFF

(hereinafter referred to as the "LESSOR")

AND

KNYSNA MUNICIPALITY

(hereinafter referred to as the "LESSEE")

IT IS HEREBY AGREED AS FOLLOWS

The LESSOR hereby lets to the LESSEE who hereby hires:

The premises in the CONCILIUM BUILDING situate at 24 Queen Street Knysna and currently occupied by the EDEN DISTRICT MUNICIPALITY.

("the PREMISES")

UPON THE FOLLOWING TERMS AND CONDITIONS:

1. **PERIOD**

   This lease will commence on 1st March 2026 and terminate on 28th February 2027.

2. **RENTAL**

   The rental payable by the LESSEE to the LESSOR shall be R16 975.95 plus VAT per month.

1

3. PLACE OF PAYMENT

The rental shall be payable monthly in advance on the first working day of each and every month, free of exchange, by electronic banking transfer to the LESSOR'S account as follows:

Name D BOSHOFF
Bank ABSA
Account no 710482993
Branch code 632005

or at such other place as the LESSOR may from time to time in writing direct.

4. ASSESSMENT RATES and SERVICE CHARGES

The LESSOR shall be liable for payment of the assessment rates payable in respect of the land and buildings of which the premises form a part and for water consumption while the LESSEE shall be liable for electricity consumption.

5. USE OF PREMISES

The premises are let to the LESSEE for the purpose of MUNICIPAL OFFICES and the LESSEE shall not be entitled to use the premises for any other purpose without the consent in writing of the LESSOR, which consent shall not be unreasonably withheld.

6. DEFECTS ON TAKING OCCUPATION

Taking into account that the LESSEE has been hiring the PREMISES in the past, having received the premises and fittings, including blinds and air conditioners, in a good and complete state of repair and condition, it shall be assumed that it still is in such condition on signature hereof, apart from certain carpets which shall be replaced by the Lessor. Upon termination of this lease the LESSEE shall return the premises to the LESSOR in good order and condition and shall make good and repair at its own cost any damage, breakage or loss and if it does not do so it shall be liable to reimburse the LESSOR for the cost of replacing, repairing or making good, fair wear and tear excepted.

2

7. FIXTURES AND FITTINGS

The LESSEE shall be entitled to attach to the premises any fixtures and fittings necessary for its business which may not have been supplied by the LESSOR and to remove same on the termination of this lease. The LESSEE shall, however, be obliged on the termination of this lease, to make good any damage which may have been caused by the erection or removal of such fixtures and fittings.

8. THE LESSEE SHALL NOT:

8.1 Cede or assign this lease nor sublet the premises or any part thereof;

8.2 Make any structural alterations or additions to the premises or any portion thereof;

8.3 Display or store any goods outside the premises;

8.4 Hold an auction sale on the premises;

8.5 Interfere with the electrical or other installations on the premises;

without first having obtained the written consent of the LESSOR which consent shall not be unreasonably withheld and then upon such reasonable terms and conditions as the LESSOR may impose.

9. INTERNAL REPAIRS

The LESSEE shall keep the premises in a clean and tidy condition and shall be responsible for all inside repairs and such internal decorations as may from time to time be necessary. The LESSEE shall keep all electrical cables and fittings, sewers, water pipes, plumbing installations, doors, windows, locks, keys, blinds and air conditioners in good order and repair and shall not allow the accumulation of any rubbish.

3

10. PLATE AND OTHER GLASS

The LESSEE shall replace / repair all plate glass in and upon the premises in the event of damage or breakage.

11. SIGNS

The LESSEE shall be entitled to erect such signs on the exterior of the premises as the LESSEE desires, provided that they shall conform with any municipal bylaws relating thereto, and that they shall have been approved by the LESSOR, whose consent shall not be unreasonably withheld. Upon termination of this lease the LESSEE shall remove any such signs and make good any damage caused thereby.

12. NUISANCE

The LESSEE shall not allow or cause anything to be done on the premises which is a nuisance or a disturbance to other lessees in the building and shall in particular be considerate to the tenant on the left of the reception room, to not speak loudly near the door between the two premises. No refuse, boxes, parcels, papers or rubbish shall be left in the back yard and when rubbish is removed from the premises, it shall be placed in the proper bins provided therefor.

13. COMBUSTIBLES

13.1 The LESSEE undertakes not to keep any combustibles or hazardous gas in the premises which would in any way vitiate the LESSOR's fire insurance policy

13.2 In the event of the LESSOR being required to pay a larger fire insurance premium by virtue of the fact that the LESSEE has brought any substance or goods into the premises, such increase in premium shall be paid by the LESSEE.

4

14. ACCESS TO PREMISES

The LESSOR and his agents shall be entitled to reasonable access to the premises for the purpose of inspecting same or for effecting any repairs, alterations, additions or improvements to the building.

15. OUTSIDE MAINTENANCE

The LESSOR shall be responsible for the maintenance of the outside of the premises including the roof, downpipes and gutters. The LESSOR shall not be responsible for any damage done to the LESSEE's stock, books, papers, fixtures and fittings in the premises by reason of leakage, rain, wind, hail, lightning, floor, explosion, fire, strikes, riot or the act of any person not being a servant of the LESSOR acting within the scope of his employment. If the outside of the premises require repairs, the LESSOR undertakes to have these done as soon as reasonably possible but the LESSEE shall have no claim against the LESSOR nor be entitled to withhold or defer payment of rent by reason of the fact that the premises are in a defective condition. The protection herein afforded to the LESSOR shall cease should it be in wilful default of it's maintenance obligations.

16. FAILURE OF SERVICES

The LESSOR shall not be liable for failure of the electrical or water supplies of any other services to the premises and the LESSEE shall not be entitled to cancel the lease or to a reduction of rent by reason of the fact that any of the services have failed.

17. BY-LAWS

The LESSEE shall comply with all laws, by-laws and regulations affecting the conduct of its business and shall at its own expense provide all the requirements of all lawful authorities for its business.

5

18. "TO LET"-NOTICES

The LESSOR shall have the right, during the last 3 (THREE) months of this lease to place a "To Let" notice on the premises should it so wish, and the LESSEE shall allow any prospective LESSEE access to the premises during this period at all reasonable times.

19. DESTRUCTION BY *VIS MAJOR*

In the event of the premises being damaged or destroyed by fire, or any other cause, the LESSEE shall be entitled to a partial or total remission of rental for the period for which it is deprived of the beneficial occupation thereof, or in the event of such damage being so extensive as to render the premises unfit for occupation, the LESSEE or LESSOR within 30 (THIRTY) days by written notice may cancel this lease, but the LESSEE shall not have any claim against the LESSOR for damages or otherwise howsoever.

20. CANCELLATION

Should the LESSEE fail to pay the monthly rental on due date or should it commit a material breach of any of the other conditions of this lease and shall not remedy such breach within 7 (SEVEN) days of having been given notice to do so, the LESSOR shall have the right forthwith to cancel this lease and to take possession of the premises and to eject the LESSEE therefrom, without prejudice to any other claim it may have for unpaid rent or damages in lieu of rent for the un-expired period of this lease or otherwise howsoever.

21. NON-WAIVER OF RIGHTS

In the event of the LESSOR not enforcing immediately any terms and conditions of this lease or granting the LESSEE an extension to comply with same, such failure, neglect or indulgence to do so shall not bind the LESSOR in any way or be construed as a waiver by the LESSOR or any of its rights.

6

22. DOMICILIUM

22.1 The LESSEE chooses domicilium citandi et executandi at:
The PREMISES: 5 CLYDE STREET, KNYSNA
E-Mail: knysna@knysna.gov.za

22.2 The LESSOR chooses domicilium citandi et executandi at:
Physical address: 49 WILSON STREET, KNYSNA
E-Mail: deon@vcblaw.co.za

22.3 Any notice sent through email shall be deemed to have been received by the addressee on the date that it is sent.

THUS DONE and SIGNED at KNYSNA this 12th DAY of ~~MARCH~~ May 2026

THE LESSOR

WITNESS

THE LESSOR

WITNESS

THUS DONE and SIGNED at KNYSNA this 12th DAY of MARCH 2026

ON BEHALF OF THE LESSEE

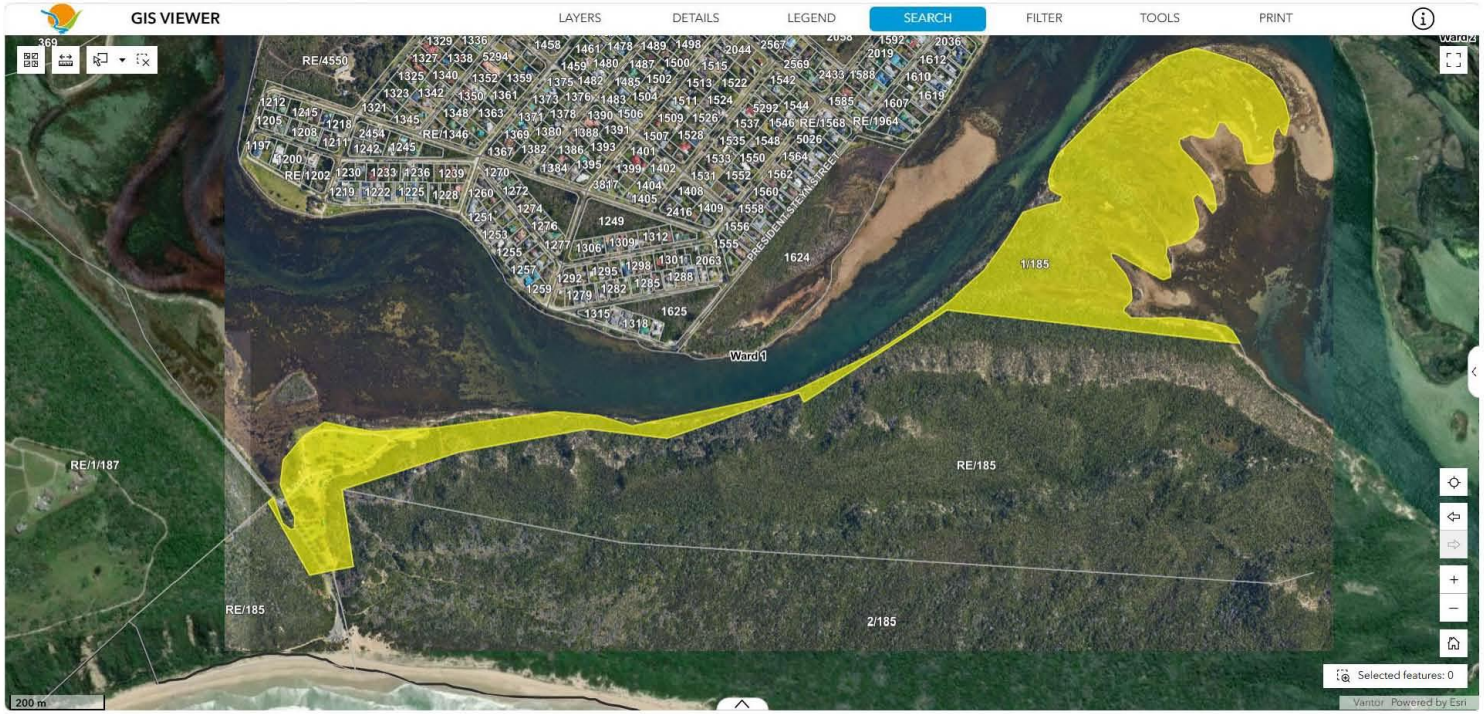
WITNESS

WITNESS

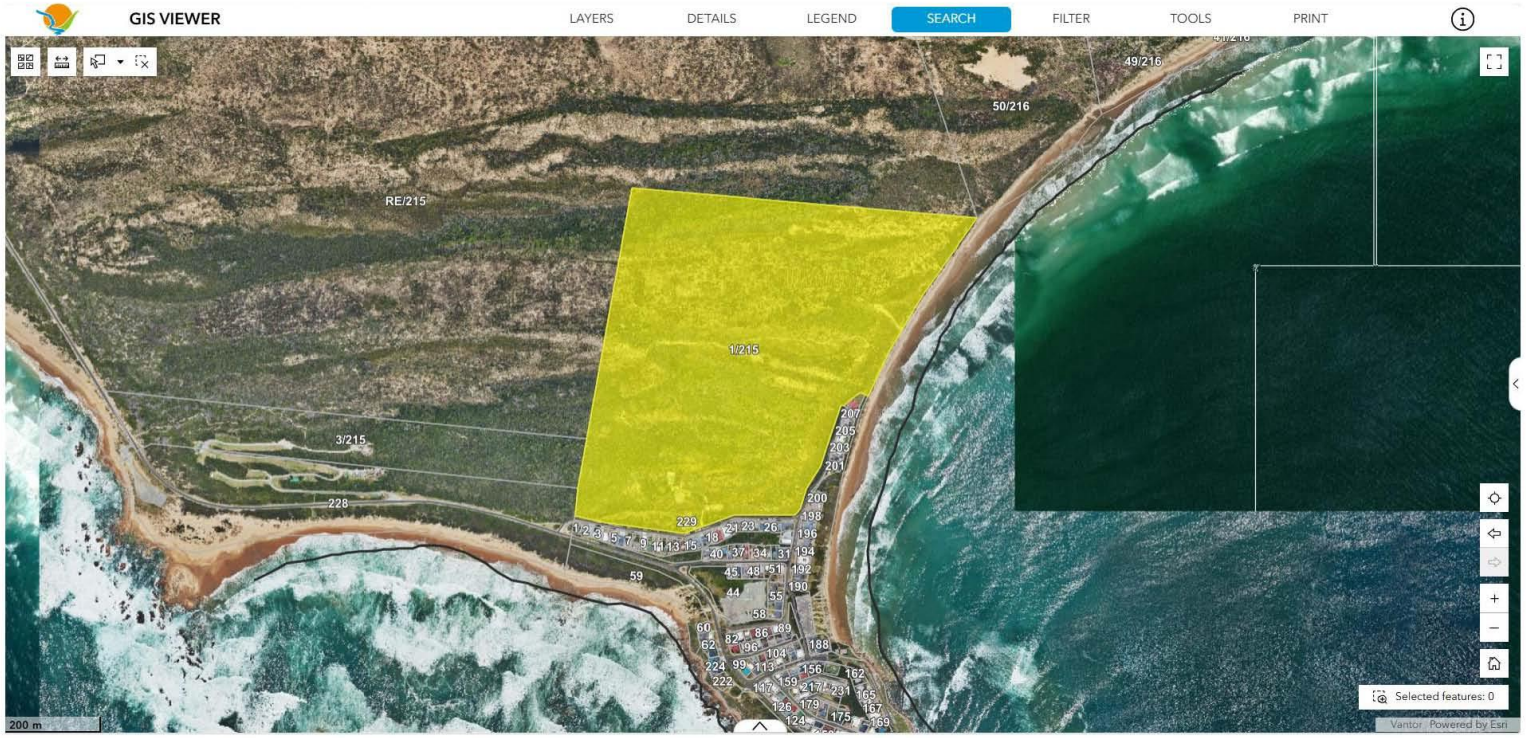
7

ANNEXURE D

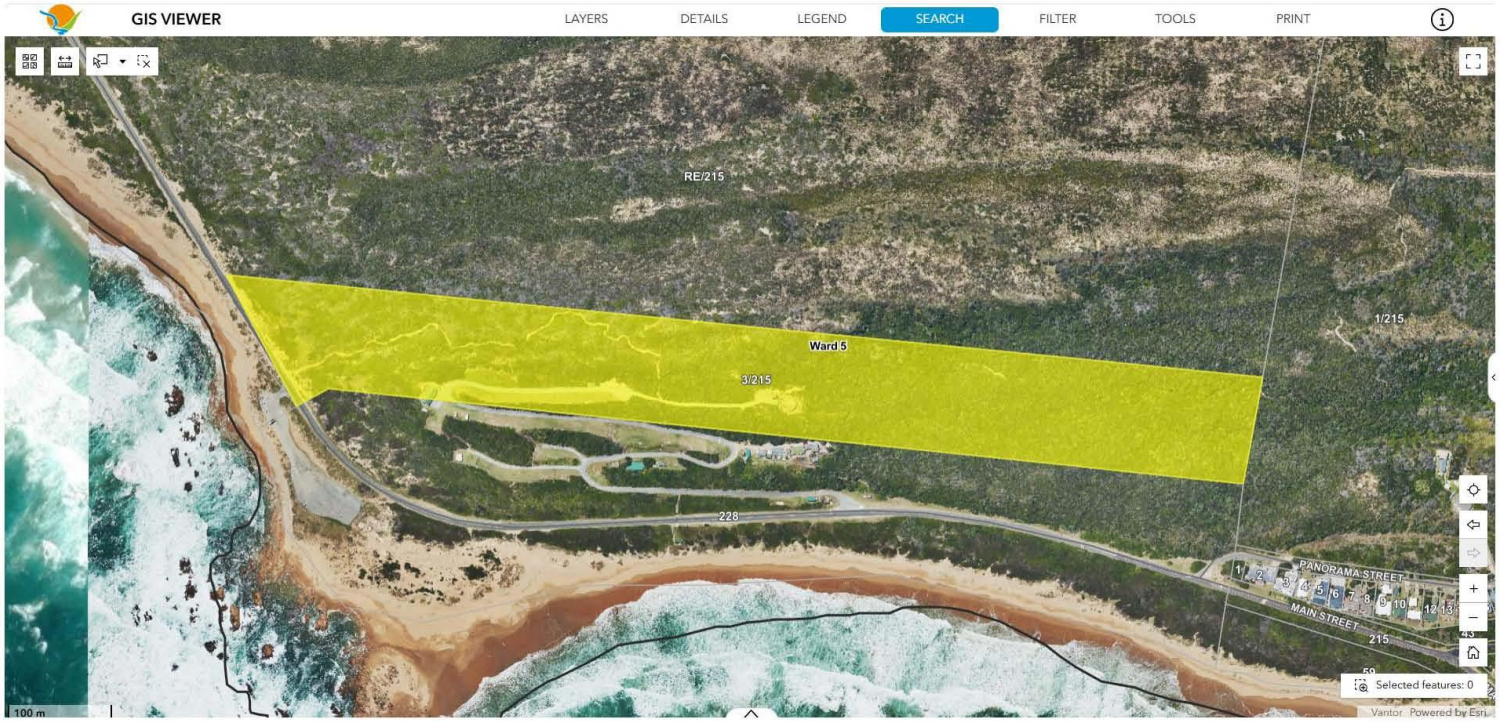
Portion 1 of the Farm 185



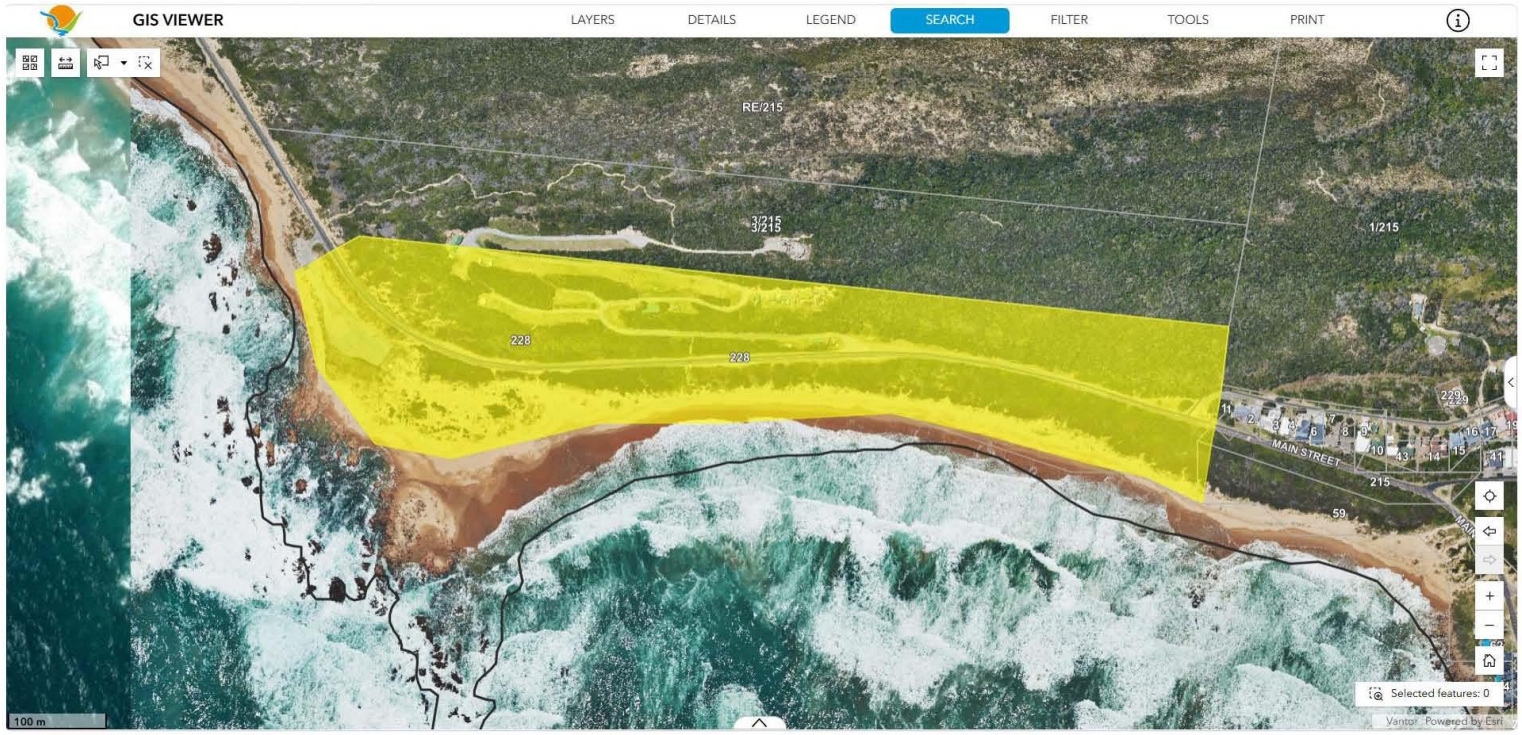
Portion 1 of the Farm 215



Portion 3 of the Farm 215

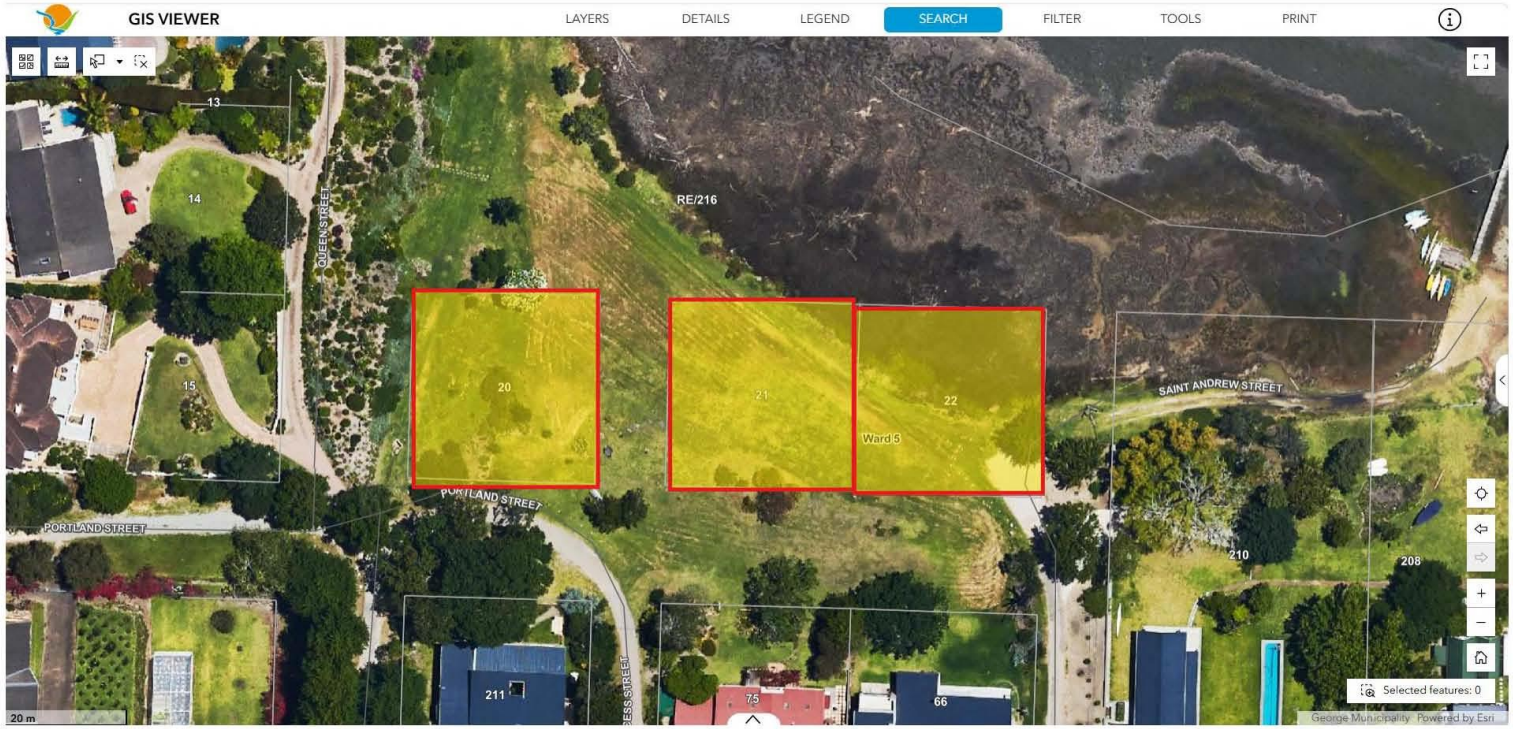


Erf 228, Buffalo Bay



Erf 2790, Knysna

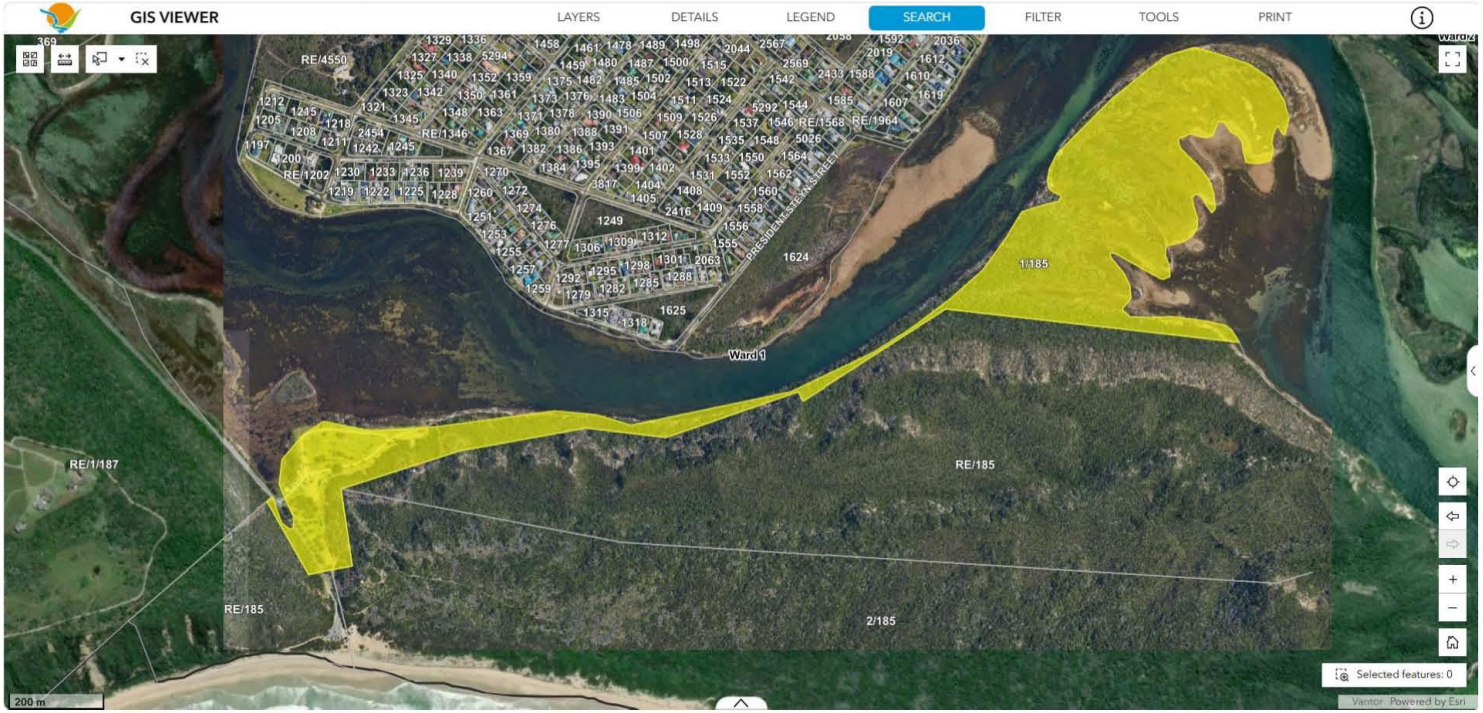
Erven 20, 21 & 22 Belvedere



ANNEXURE E

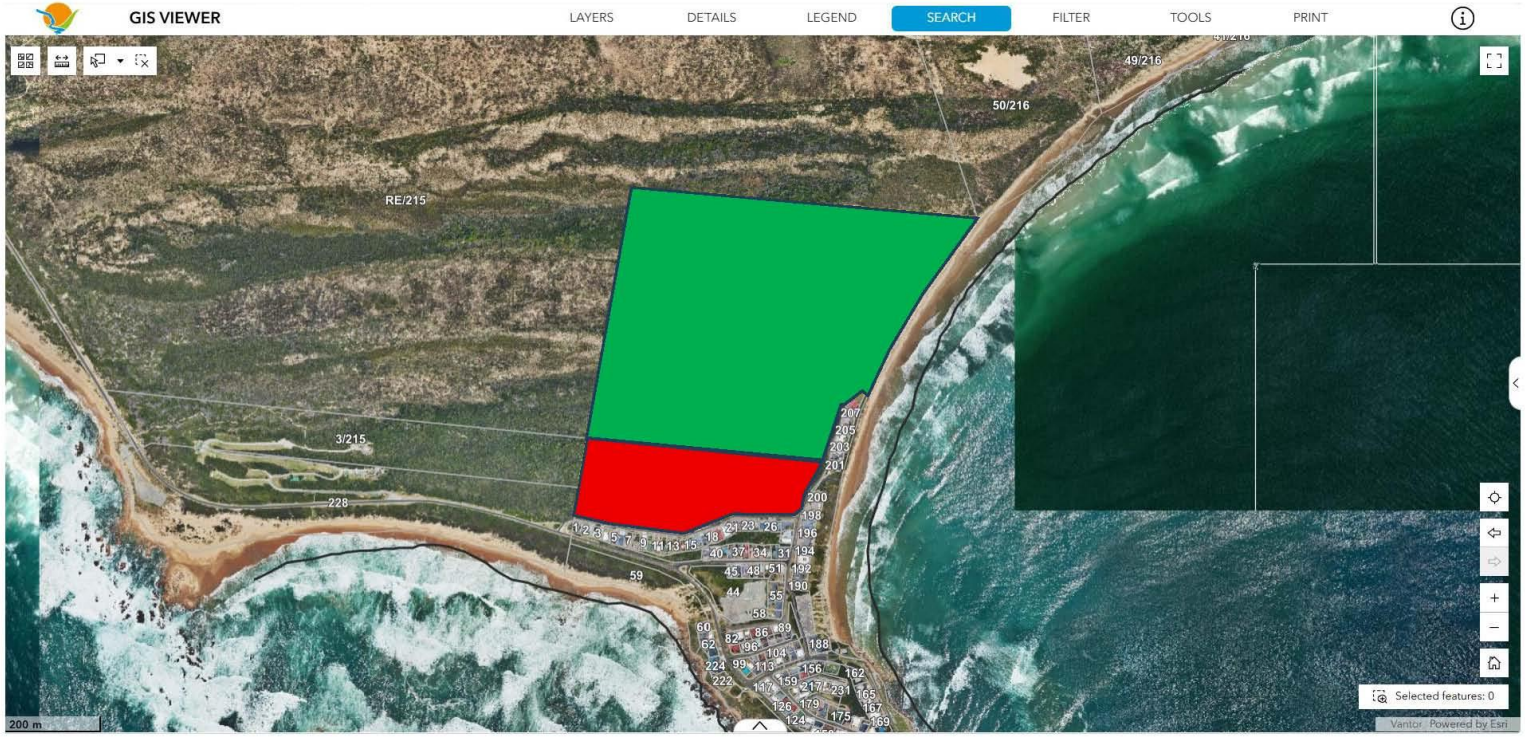
Portion 1 of the Farm 185

To remain in the name of Garden Route District Municipality



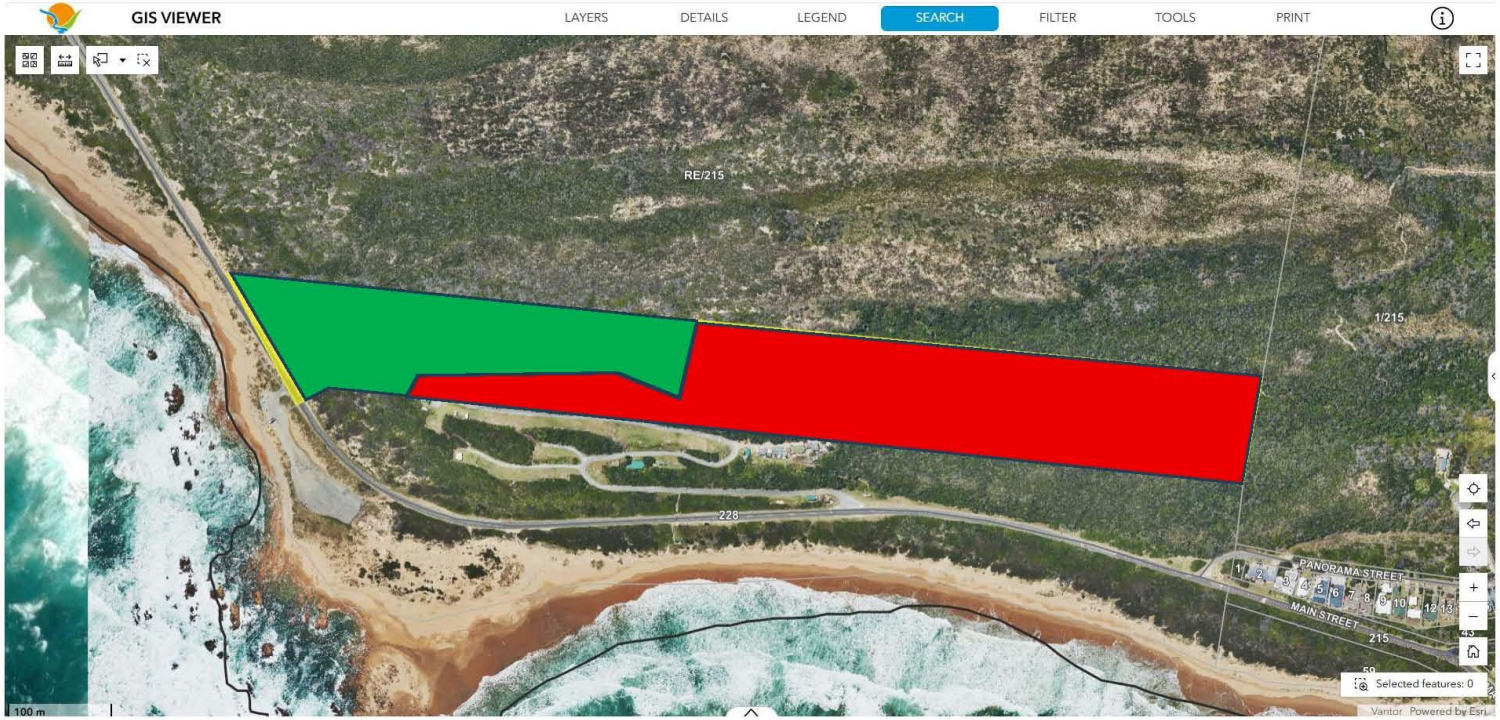
Portion 1 of the Farm 215

To be transferred into the name of Knysna Municipality subject to the remainder being transferred into the name of CapeNature alternatively all transferred into KM's name



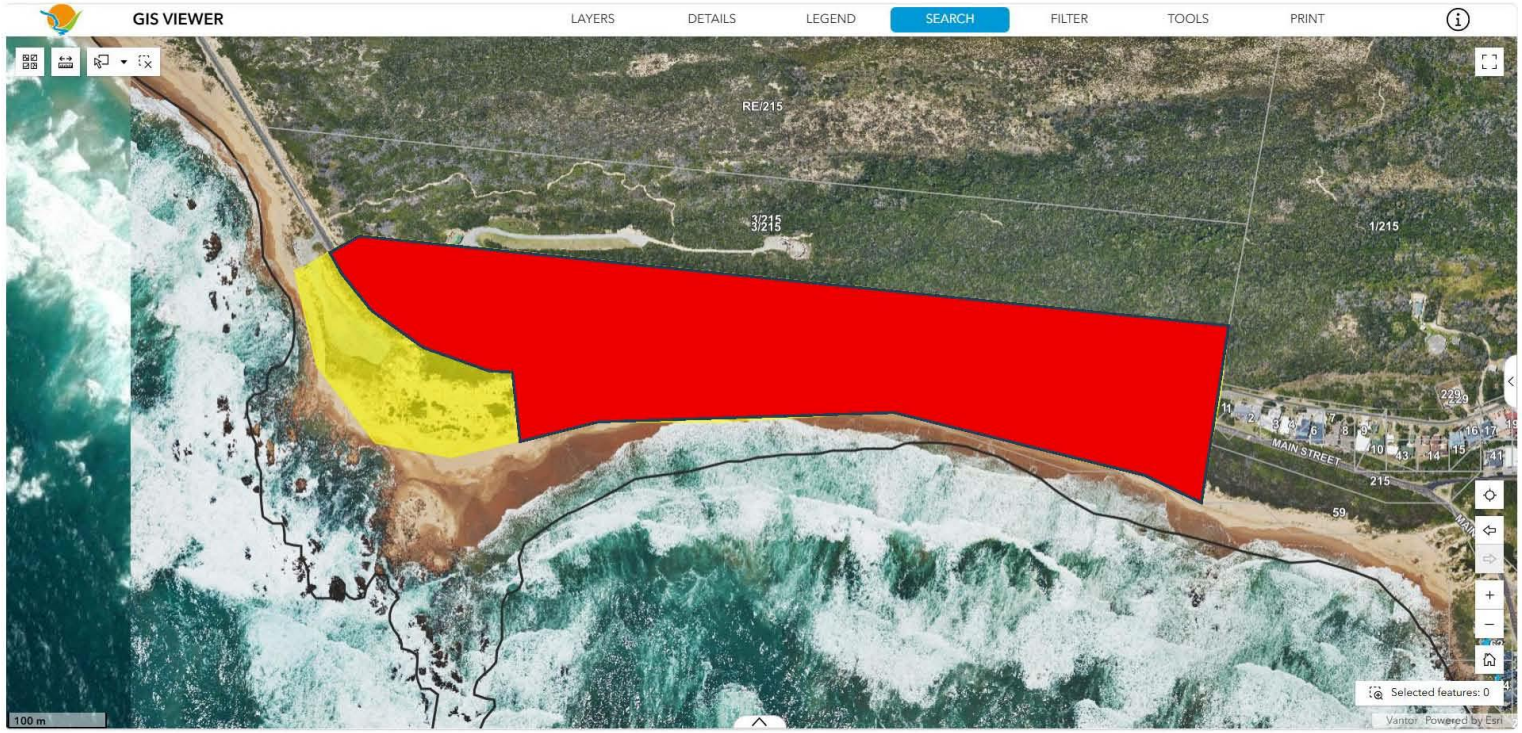
Portion 3 of the Farm 215

To be transferred into the name of Knysna Municipality subject to the remainder being transferred into the name of CapeNature alternatively all transferred into KM's name



Erf 228, Buffalo Bay

To be transferred into the name of Knysna Municipality and portion to be retained in the name of GRDM's name

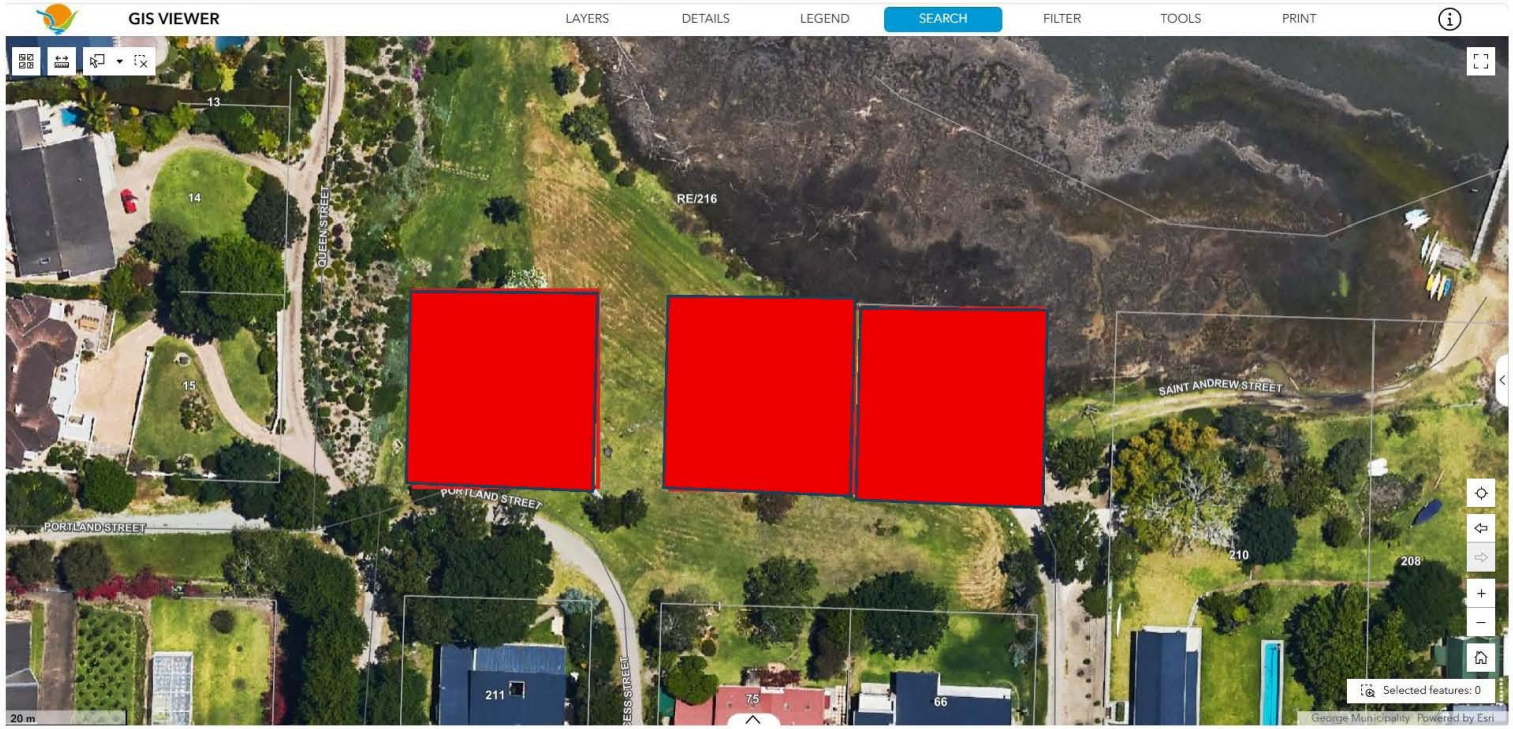


Erf 2790, Knysna

To be transferred into the name of Knysna Municipality and portion to be retained in the name of GRDM's name or title deed condition in favour of GRDM.

Erven 20, 21 & 22 Belvedere

To be transferred into the name of Knysna Municipality



6.15

SC15/10/26 2026/2027 QUARTER 1 NON-FINANCIAL PERFORMANCE ASSESSMENT REPORT FOR THE PERIOD JULY 2026 – SEPTEMBER 2026

REPORT FROM THE ACTING DIRECTOR MUNICIPAL MANAGER

PURPOSE OF THE REPORT

The purpose of this report is to present to Council an updated Quarter 1 Organisational Non-Financial Performance Assessment Report for the period 1 July 2026 to 30 September 2026. This report details the implementation of the budget as per the 2026/2027 Service Delivery and Budget Implementation Plan (SDBIP) of Knysna Local Municipality.

PREVIOUS RESOLUTIONS

Not Applicable.

BACKGROUND

The Local Government: Municipal Finance Management Act, No. 56 of 2003 ("the MFMA") places the responsibility on the Accounting Officer to assess the organisation's performance on a quarterly basis and draft a report, referred to as the Section 52(d) Report for submission to the Executive Mayor.

The assessment takes into account the monthly budget statements, the municipality's service delivery performance, and service delivery targets, referred to as the performance indicators as included in the SDBIP The report is drafted taking cognisance of the municipality's past year's annual report and progress made on resolving issues identified in the annual report.

Chapter 7 of the MFMA, Section 52(d) assigns the responsibility to the Mayor to submit a report on the implementation of the budget and the financial state of affairs of the municipality to Council within 30 days after the end of each quarter. This quarter 1 Section 52(d) report represents the state of non-financial performance of the municipality up and until 30 September 2026.

DISCUSSION

The Quarter 1 Non-Financial Performance Assessment Report is used as a management tool to assess the Municipality's non-financial performance of the municipality against the approved SDBIP. This report should be read in conjunction with the Section 71 Report.

The assessment is done by analysing trends and patterns for Quarter 1 of the 2026/2027 financial year, with a view of giving effect to the management role of the Accounting Officer to make recommendations as to whether based on an adjustment budget an amendment to the SDBIP will be required. The Executive Mayor and Council must; based on the recommendations of the Accounting Officer, confirm the recommended adjustments to the SDBIP.

FINANCIAL IMPLICATIONS

Financial implications ☐ None ☐ Opex ☐ Capex

☐ Capex Projects

☐ Capex: Existing projects requiring additional funding

☐ Capex: Existing projects with no additional funding requirements

POLICY AND STRATEGY ☐ YES ☐ NO

RELEVANT LEGISLATION

LEGAL COMPLIANCE ☐ **YES** ☐ NO

Municipal Finance Management Act No. 2003 (Act 56 of 2003), Section 71 and Municipal Budget and Reporting Regulations.

Staff Implications ☐ Yes ☐ **None**

RECOMMENDATIONS OF THE ACTING MUNICIPAL MANAGER

[a] That this updated Quarter 1 Performance Assessment Report as of 30 September 2026 is submitted to Council for noting;

[b] That Council notes the content of the Quarter 1 Performance Assessment Report; and

[c] That Council notes that this updated Quarter 1 Non-Financial Performance Assessment Report; will be submitted to National Treasury, the Western Cape Provincial Treasury and that a copy of the Noted Section 52(d) Report will be placed on the Knysna municipality website for public information.

APPENDIX / ADDENDUM

2026/2027 Quarter 1 Non-Financial Performance Assessment Report – 30 September 2026 ***(to be circulated separately)***

File Number: 9/1/2/14
Execution: Acting Municipal Manager
Acting Senior Manager: IDP/PMS&IGR

9. ADJOURNMENT

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